

**PUDUMJEE
PULP & PAPER MILLS
LIMITED**



PUDUMJEE

**Annual Report
2012 - 2013**

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS:

M.P. JATIA (up to 25.5.2012)
V.O. SOMANI
R.N. SETHNA
A.K. JATIA
V.P. LEEKHA
S.K. BANSAL
B.C. DALAL
V.K. BESWAL

BANKERS:

STATE BANK OF INDIA
IDBI BANK LIMITED
BANK OF INDIA
ING VYSYA BANK LTD.

SOLICITORS:

KANGA & COMPANY

AUDITORS:

KHARE & COMPANY

REGISTERED OFFICE:

THERGAON, PUNE 411 033.

REGISTRAR & TRANSFER AGENTS:

KARVY COMPUTERSHARE PVT.LTD.,
UNIT: PUDUMJEE PULP & PAPER MILLS LTD.,
17-24, VITTAL RAO NAGAR,
MADHAPUR,
HYDERABAD 500 081.

DEMAT STOCK CODE:

INE606A01024

EQUITY SHARES ARE LISTED AT:

BOMBAY, PUNE & NATIONAL STOCK EXCHANGES.

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTICE

The Forty Eighth Annual General Meeting of the Shareholders of **Pudumjee Pulp & Paper Mills Limited** will be held at the Registered Office of the Company at Thergaon, Pune 411 033 on Saturday, the 24th day of August, 2013 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2013, the Profit and Loss Account and the Cash Flow statement for the year ended on that date together with the Reports of the Directors and the Auditors.
2. To declare a dividend for the year 2012-2013.
3. To appoint a Director in place of Mr. V.O. Somani who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr.B.C. Dalal who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. V.K. Beswal who retires by rotation and is eligible for reappointment.
6. To appoint the Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approvals, sanctions as may be necessary, and in accordance with the resolution passed by the Shareholders at their Extra Ordinary General Meeting held on 11th December, 2010, consent of the Company be and is hereby accorded to following remuneration payable to Mr.V.P. Leekha, the Chief Executive Officer of the Company for the remaining period of his appointment i.e. from 1st April, 2013 to 31st March, 2014 under clauses 2,3 & 12 of the aforesaid resolution, the other provisions remaining unaltered:

- (a) Salary at the rate of ₹. 4,50,000/- per month including Dearness Allowance;
- (b) Rent free furnished residential accommodation, the Company paying or reimbursing all rents, rates, taxes and other expenses for the upkeep and maintenance of his residential accommodation or an allowance in lieu thereof at the rate of ₹. 1,20,000 /- per month".
- (c) (i) Company's contribution to Provident Fund and Pension/ Superannuation Fund as per Company's Rules;
(ii) Gratuity as per Company's Rules applicable to its Executive staff members;
(iii) Other retirement benefits as may be decided by the Board of Directors of the Company.

AND THAT in the event of absence or inadequacy of profits in any year the said remuneration as stated above together with the payments, benefits and amenities shall nevertheless be paid or allowed as minimum remuneration for such year".

8. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approvals, sanctions as may be necessary, and in accordance with the resolution passed by the Shareholders at their Annual General Meeting held on 29th August, 2009, consent of the Company be and is hereby accorded to following remuneration payable to Mr.S.K. Bansal, the Whole-time Director of the Company for the remaining period of his appointment i.e. from 1st April, 2012 to 31st March, 2014 under clauses (a) & (c) of the aforesaid resolution, the other provisions remaining unaltered.

- (a) Remuneration at the rate of ₹ 3,77,000/- per month including Dearness Allowance;
- (b) Rent free furnished residential accommodation, the Company paying or reimbursing all rents, rates, taxes and other expenses for the upkeep and maintenance of his residential accommodation or an allowance in lieu thereof at the rate of ₹ 86,000/- per month with effect from 1st April, 2013.

AND THAT in the event of absence or inadequacy of profits in any year the said remuneration as stated above together with the payments, benefits and amenities shall nevertheless be paid or allowed as minimum remuneration for such year".

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A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the above mentioned items 7 & 8 are annexed hereto.

The Register of members and Share Transfer Books of the Company will remain closed from Tuesday, the 13th day of August, 2013 To Saturday, The 24th day of August, 2013, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 3rd September, 2013 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 24th August, 2013. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares as at the close of business hours on 12th August, 2013 as per the details furnished by the Depositories for this purpose. The payment of Dividend will be subject to the provisions of Section 206A of the Companies Act, 1956.

Messrs. V.O. Somani, B.C. Dalal and V.K. Beswal whose appointments are to be considered by the Annual General Meeting as mentioned above hold 2,150, Nil and Nil equity shares of ₹ 2/- each of the Company respectively.

Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unclaimed/unpaid for a period of 7 years would be transferred to the Investor Education & Protection Fund (IEPF) constituted by the Central Government and the Shareholders would not be able to claim any amount of the dividend so transferred to the Fund. As such, shareholders who have so far not encashed the dividend warrants of earlier years are requested to immediately return the outdated warrants to the Company or write to us to enable the Company to issue duplicate warrants/Demand Drafts in lieu thereof.

Members who hold shares in dematerialized form are requested to bring their CLIENT ID and DP ID numbers for easy identification of attendance at the Meeting.

By Order of the Board of Directors,
S.K. BANSAL
SECRETARY

Registered Office:

Thergaon, Pune 411 033.

Dated : 23rd May, 2013.

Communication to Members

1. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Private Limited.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto upon receipt of a requisition from you, any time, as a member of the Company.

Subsidiary Accounts:

2. As a measure of economy and in accordance with the Circular of 8th February, 2011 of Ministry of Corporate Affairs, it has been decided by the Board of Directors not to attach/give accounts of the subsidiary in the Company's Annual Report.

However, the annual accounts of the subsidiary, Pudumjee Investment & Finance Co.Ltd., and the related detailed information shall be supplied to the shareholders of the Company on a requisition made in this regard. The Annual Accounts of the subsidiary are open for inspection by shareholders at the Registered Office during office hours.

3. Cost Auditor Details:

M/s Y.R. Doshi & Co., Cost Accountants, Mumbai, are Cost Auditors who have filed the Cost Audit Report for the Financial Year 2011-2012 in XBRL format on 26th February, 2013 (Due Date: 28th February, 2013).

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ANNEXURE TO THE NOTICE

Explanatory Statement under section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out all the material facts relating to items of business as mentioned in Serial Nos. 7 & 8 under Special Business in the accompanying Notice dated 23rd May, 2013 convening the Annual General Meeting.

RESOLUTION NO.7

Mr. Ved Prakash Leekha, the Whole-time Director appointed for a period of 5 years with effect from 1st April, 2009 was re-designated as Chief Executive Officer of the Company with effect from 1st April, 2010 and the remuneration and other benefits were fixed for a period of 3 years from that date. The Management proposes to allow remuneration and other benefits with effect from 01.04.2013 for the remaining period of his tenure i.e. upto 31.3.2014 as given in the accompanying resolution. Mr.Ved Prakash Leekha is a B.E. (Mechanical) and has been associated with the Company since 2000. He has a wide and varied experience of over 50 years in Paper Mills. The Board of Directors and its Remuneration Committee at their meetings held on 23rd May, 2013 have recommended the payment of remuneration and other benefits as aforesaid.

The Directors commend the resolution for approval of the members.

Except Mr.V.P. Leekha no other Director is interested in this resolution.

RESOLUTION NO. 8

Mr. Surendra Kumar Bansal was appointed as Whole-time Director of the Company with effect from 1st February, 2005 and was last re-appointed for a period of 5 years with effect from 01.04.2009 and the remuneration and other benefits were fixed for a period of 3 years from that date which continued for the remaining period from 01.4.2012. The Management now proposes to revise the remuneration and other benefits with effect from 01.04.2012 for the remaining period of his tenure i.e. upto 31.3.2014 as given in the accompanying resolution. Mr.S.K. Bansal is a Bachelor of Commerce, Associate member of the Institute of Chartered Accountants of India and of the Institute of Company Secretaries of India and has been associated with the Company since 1984. He has a wide and varied experience in finance, accounts and taxation matters. The Board of Directors and its Remuneration Committee at their meetings held on 10th November, 2012 & 23rd May, 2013 have recommended the payment of the revised remuneration.

The Directors commend the resolution for your approval.

Except Mr. Surendra Kumar Bansal, no other Director is interested in this resolution.

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Information pursuant to the requirements of paragraph 1B of Section II of Part II of Schedule XIII to the Companies Act, 1956 concerning remuneration payable to Mr. V.P. Leekha, the Chief Executive Officer and Mr. S.K. Bansal, the Whole-time Director are furnished herein below:

I. GENERAL INFORMATION:

1. Nature of Industry	Paper Manufacturing and Real Estate	
2. Date or expected date of commencement of commercial production	January, 1968	
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
4. Financial performance based on given indicators	Year ending 31st March, 2013 (₹ in lacs)	
Effective Capital	21423.03	
Turnover	20324.41	
Profit Before Tax	1668.20	
Profit after Tax	1681.20	
Dividend	15%	
Reserves	12728.33	
5. Export performance and net foreign exchange contribution.	Foreign exchange earned and used in financial year 2012-13 was ₹ 260.13 lacs and ₹ 4632.66 lacs respectively.	
6. Foreign investments or collaborators, if any.	NIL	

II. INFORMATION ABOUT THE APPOINTEE:

	MR. V.P. LEEKHA	MR.S.K. BANSAL
Background Details	Mr.V.P. Leekha is Whole-time Director of the Company since 2000. He was re-designated as Chief Executive Officer of the Company from 1 st April, 2010. Mr.Leekha is a B.E. (Mech.) and has a wide and varied experience of over 50 years in Paper Industry.	Mr.S.K. Bansal had joined the Company in 1984 and was appointed as a Whole-time Director in 2005. Mr.Bansal is a Bachelor of Commerce and a member of the ICAI and ICSI. He has over 28 years' experience in finance, legal and other matters.
Past Remuneration (before revision under proposed resolutions Nos.1, 2 and 3);		
Remuneration per Month	₹ 4,50,000/-	₹ 1,75,000/-
House Rent Allowance per Month	₹ 1,20,000/-	--
	Both the above persons are also entitled to the benefits of contribution to Provident Fund, Gratuity, and perquisites such as gas, electricity, medical expenses, furnishings, LTA, club fees, personal accident insurance, telephone, cars etc. Mr.Bansal is also entitled to the benefits of Superannuation Fund.	
Recognition or Awards	NIL	NIL
Job Profile and his suitability	As the Chief Executive Officer, Mr.V.P.Leekha is in overall charge of the Company's affairs concerning technical and production matters and performs such other duties and services and exercises such further powers as are from time to time entrusted to him by the Managing Director. Mr.Leekha has long and varied experience of over 50 years in the Paper Industry in various positions. He has successfully carried out many capital expenditure programmes in the Company and in the Industry.	Mr.S.K. Bansal is in charge of Company's Finance, Legal, commercial and administrative matters and performs such other duties and services and exercises such further powers as are from time to time, entrusted to him by the Managing Director. Mr.Bansal has long and varied experience of over 28 years in aforesaid functions in various positions.

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Remuneration Proposed Remuneration per Month House Rent Allowance per Month	₹ 4,50,000/- ₹ 1,20,000/-	₹ 3,77,000/- ₹ 86,000/-
	Both the above persons are also entitled to the benefits of Provident Fund, Superannuation/Pension, Gratuity, and perquisites such as gas, electricity, medical expenses, furnishings, LTA, club fees, personal accident insurance, telephone, cars etc.	
Comparative Remuneration profile with respect to industry, size of the Company, profile of the Position and person.	Whilst there exists no such comparison in terms of Company's size and nature of its operations, the remuneration proposed is in line with the remuneration of similar occupants in some of the Companies in the Industry and general trend in this regard.	Whilst there exists no such comparison in terms of Company's size and nature of its operations, the remuneration proposed is in line with the remuneration of similar occupants in some of the Companies in the Industry and general trend in this regard.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	NIL	Mr.S.K. Bansal holds 20 equity shares of ₹ 2/- each of the Company.
III. OTHER INFORMATION:		
Reasons of loss or inadequate Profits	The Company had adequate profits for payment of managerial remuneration in the last year. However, the prevailing economic conditions of slow down and global competition in specialty segment of Paper is putting considerable pressure on profitability.	
Steps taken or proposed to be taken for improvement.	The managements emphasis on cost reduction, appropriate product mix and quality improvement are expected in the long run to neutralize any inadequacy of profits.	
Expected increase in productivity and profits in measurable terms.	With the aforesaid efforts and consequent full capacity utilization, the profits are targeted to be achieved to be adequate for managerial remuneration.	
IV. Disclosures: Remuneration Package	As indicated above under II "INFORMATION ABOUT THE APPOINTEE".	
The Company's Memorandum and Articles of Association are open for inspection at the Company's Registered Office on any working day, except Saturday, between the office hours of 2.30 p.m. and 4.30 p.m.		
By Order of the Board of Directors, S.K. BANSAL SECRETARY.		
Registered Office: Thergaon, Pune 411 033. Dated : 23 rd May, 2013.		

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

PARTICULARS	₹ IN LACS										
	As At 31st March										
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Shareholders Fund	15482	14266	13095	14685	14069	13929	13040	12518	12169	11828	11714
Borrowed Funds	10900	15000	8486	6823	5206	8218	6803	7038	4244	5206	6815
TOTAL	26382	29266	21581	21508	19275	22147	19843	19556	16413	17034	18529
Net Fixed Assets	16804	16476	9617	11082	11998	12727	12656	11783	10517	10620	11572
Investments	1654	1195	2115	2049	1006	967	896	829	819	811	818
Working Capital	7924	11595	9849	8377	6271	8453	6291	6944	5077	5603	6139
TOTAL	26382	29266	21581	21508	19275	22147	19843	19556	16413	17034	18529
Book value of Equity per share(₹.)	38*	35*	32*	36*	172	170	159	153	148	144	143
Earning per share (₹.)	4.03*	2.71*	1.80*	2.69*	4.42	6.43	5.61	5.88	7.48	2.27	0.8
Dividend per share (₹.)	0.30*	0.30*	0.30*	0.30*	0.25*	1.2	1.2	1.2	1.2	1.00	1.00

* ₹. 2/- per share

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DIRECTORS' REPORT TO THE MEMBERS.

The Directors present the 48th Annual Report on the working of the Company for the year ended 31st March, 2013 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	2012-2013 ₹ In Lacs	Previous Year ₹ In Lacs
The gross profit before interest and Depreciation is	3213.63	2526.83
Reducing therefrom Finance cost of and Depreciation of	697.01	441.61
	848.42	782.64
The net profit comes to	1668.20	1302.58
and the balance of Profit brought forward from last year of the total comes to	2347.67	1464.04
	<u>4015.87</u>	<u>2766.62</u>
Adjusting against this amount the Following, namely:		
Provision for Current Taxation of	3.00	118.00
Provision/(Saving) for Deferred Taxation of	(16.00)	58.00
Prior period expenses	—	—
Dividend on Equity Shares of	123.00	123.00
Tax on Dividend of	20.90	19.95
And Transfer to General Reserve of	150.00	100.00
Totalling to	<u>280.90</u>	<u>418.95</u>
There remains a balance of	<u>3734.97</u>	<u>2347.67</u>

which the Directors propose to carry-forward to next year's accounts.

CONSOLIDATED FINANCIAL STATEMENTS

As required by Listing Agreements with the Stock Exchanges, the Consolidated Financial Statements prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India are attached.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has not been any material departure;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year on 31st March, 2013 and of the profit of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

DIVIDEND

The Directors recommend for your consideration the payment of Dividend for the year ended 31st March, 2013 at the rate of Re.0.30 per share. If approved, the Equity Dividend will, subject to the provisions of Section 206A of the Companies Act, 1956, be paid to those shareholders whose names stand on the Register of Members on 24th day of August, 2013. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares at the close of business hours on 12th August, 2013 as per the details furnished by the Depositories for this purpose.

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OPERATIONS

The Company achieved significant growth in profits from its Real Estate business. The revenue and profits from the Paper manufacturing activity, however, were adversely affected due to slowdown in overall economy and prevailing recessionary conditions in the country coupled with inflationary pressures on the input costs. The Directors cautiously and judiciously adopted a strategy of lower capacity utilization to minimize the negative impact and avoided ultimate substantial losses. The installation of a Paper manufacturing facility at a cost of about ₹ 100 crores at Mahad has been, as a precautionary measure, put on hold temporarily in view of the prevailing recessionary conditions to minimize the impact of fixed cost and in view of changing market situation a fresh view of the investment plans in regard to new products to be manufactured is under study.

The Directors believe that the recent steps taken by the Government to improve the overall economy and easing of commodity prices combined with Company's continuous efforts on cost reduction would enable the Company to enhance capacity utilization and improve profitability.

The third Wind Power Plant of 2.1 MW at Jat, Sangli commissioned during the year is satisfactorily operating thus taking the total capacity of renewable energy generation through Wind Mills upto 4.60 MW.

The labour relations continued to remain peaceful.

Out of 79 Fixed Deposits amounting to ₹ 39,37,000 which had matured for payment as at the close of 31st March, 2013, out of this, 14 deposits of the value of ₹ 11,09,000 have been claimed upto 16th May, 2013.

DIRECTORS

Messrs. V.O. Somani, B.C. Dalal and V.K. Beswal, retire by rotation and being eligible offer themselves for re-appointment.

Special Resolution has been proposed for the remuneration payable to Mr.V.P. Leekha, the Chief Executive Officer of the Company for the remaining period of his appointment from 01.04.2013 to 31.03.2014.

Special Resolution has been proposed for the revised remuneration payable to Mr.S.K. Bansal, the Whole-time Director of the Company for the remaining period of his appointment from 01.04.2012 to 31.03.2014.

These resolutions are commended for your approval.

AUDITORS

Members are requested to appoint Statutory Auditors to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

STATEMENTS UNDER SECTION 217(1)(e) AND 217(2A)

Statement giving details as required by the aforesaid provisions of the Companies Act, 1956 are annexed hereto and marked Annexure "A" & "B" respectively.

REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance in accordance with the guidelines of the Securities & Exchange Board of India and amended Clause 49 of the Listing Agreements with the Stock Exchanges is attached and marked Annexure "C".

On behalf of the Board of Directors,

R.N. Sethna
Director

A.K. Jatia
Director.

Mumbai,

Dated : 23rd May, 2013.