



Dujodwala Paper Chemicals Limited

**18th ANNUAL REPORT
2004-2005**

**BOARD OF DIRECTORS**

Shri Ramgopal M Dujodwala	- Chairman
Shri R. O. Kanoria	- Director
Shri Omprakash Dujodwala	- Director
Shri S. C. Sethi	- Whole-Time Director
Shri Vineet Dujodwala	- Director
Shri Narendra Goenka	- Director

**AUDITORS**

M/s. Sunderlal, Desai & Kanodia
Chartered Accountants,
Mumbai

**SOLICITORS & ADVOCATES**

M/s. Bachubhai Munim & Company
Mumbai.

**BANKERS**

State Bank of India
Nariman Point,
Mumbai.

**AUDIT COMMITTEE**

Shri R. O. Kanoria	Chairman
Shri Vineet Dujodwala	Member
Shri Narendra Goenka	Member

**REGISTERED OFFICE**

Atkargaon, Takai-Adosh Road,
Taluka - Khalapur
Khopoli - 410 203
District - Raigad, Maharashtra.

ADMINISTRATIVE OFFICE

811, Tulsiani Chambers
Nariman Point,
Mumbai - 400 021

**FACTORY**

Atkargaon, Takai-Adoshi Road,
Taluka Khalapur,
Khopoli - 410 203.
District Raigad, Maharashtra.

[As a measure of economy, copies of the Annual Report will not be distributed at the meeting and therefore members are requested to bring their copies of the Annual Report at the Meeting.]



DUJODWALA PAPER CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of DUJODWALA PAPER CHEMICALS LIMITED will be held on Wednesday, the 28th September, 2005 at Uncle's Kitchen, Mumbai-Poona Highway, National Highway No. 4, Mahad Phata, Khopoli, Dist. Raigad (Maharashtra), at 4.00 P.M. to transact the following business :-

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramgopal Dujodwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ordinary Resolution :-

"RESOLVED THAT Mr. Omprakash Dujodwala, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company, liable to retire by rotation".

For & on behalf of Board of Directors

Date : 30.07.05

Place : Mumbai

Vineet Dujodwala

Director

Registered Office :

Atkargaon, Takai-Adoshi Road,
Taluka - Khalapur,
Khopoli - 410 203,
Dist. Raigad, Maharashtra.

**NOTES :-**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than Forty-eight hours before the commencement of the Meeting.
3. The register of members and share transfer books of the Company will remain closed from Monday, the 26th September, 2005 to Wednesday, the 28th September, 2005 (both days inclusive).
4. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 4 annexed hereto.

ANNEXURE OF NOTICE

Explanatory statement pursuant to Section 173 of the Companies Act, 1956.

Item No. 4

Mr. Omprakash Dujodwala, was appointed as an Additional Director of the Company by the Board of Directors with effect from 11th July, 2005, under Section 260 of the Companies Act, 1956 and he holds office upto the date of ensuring Annual General Meeting. The Resolution at Item No. 4 is meant to re-appoint him. As required under Section 257 of the Companies Act, 1956, Notice has been received from a member proposing the name of Mr. Omprakash Dujodwala for the office of Director. None of the Directors of the Company is concerned or interested except Mr. Omprakash Dujodwala, Mr. Ramgopal Dujodwala and Mr. Vineet Dujodwala being relatives of Mr. Omprakash Dujodwala may also be deemed as concerned or interested in the Resolution.

The Directors commend this Resolution for your approval.

For & on behalf of Board of Directors

Place : Mumbai

Date : 30.07.05

**VINEET DUJODWALA
DIRECTOR**



DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

(Rs. in Lacs)

2004-2005 2003-2004

FINANCIAL RESULTS

Gross Sales	4942.23	7092.42
Gross Profit before Interest, Depreciation and Taxation	478.27	513.41
Interest	173.69	149.14
Depreciation	128.59	118.82
Provision for Taxation	4.25	10.00
Provision for Deferred Taxation	15.29	24.08
Net Profit for the year	156.45	211.37

ADD :

Provision for Taxation of earlier years w/back	—	3.19
Surplus brought forward from previous year	1148.13	983.57
Balance available for Appropriation	1304.58	1198.13

Appropriations :-

General Reserve	50.00	50.00
Balance carried forward to Balance Sheet	1254.58	1148.13

**DIVIDEND :**

Due to inadequate profit coupled with margins under pressure and to meet the requirement of working capital funds, the Directors have decided not to recommend any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS :**Overview**

The company is engaged in the manufacturing and selling of Rosin size, Synthetic Resins, and other Terpene Chemicals and its products at its unit located at Atkargaon, Taluka Khalapur, Khopoli., Dist. Raigad, Maharashtra.

Economy and Business outlook

The Slow rate of growth in the economy prevailed through out the year. Your Company was not much affected by the slow rate of growth. However, tension in Middle East kept the petroleum items prices fluctuating. The impact to the Company was not much felt as the Company switched over the alternate fuels.

Risks & Concern

There is unhealthy competition from internal and external market forces, which could affect the profitability of the Company.

Internal control systems and its Adequacy

The Company has put in place necessary internal audit system commensurate with its operations. Periodical checks are conducted and necessary remedial measures are adopted.

Human resources/ industrial relations

The Industrial relations in the manufacturing unit of Company continued to be Cordial.

Pollution and Environment Control

The Company has always paid highest importance to ensure that the environment remains relatively pollution free. The work force is continuously trained and coached in safety and are provided appropriate safety equipment.

Adequate pollution control facilities are installed at the plant as per guidelines of Pollution Control authority and are run as per set norms.

DIRECTORS :

Mr. Ramgopal Dujodwala will retire by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment offers himself for re-appointment.

CONSERVATION OF ENERGY :

To conserve energy, internal checks are carried out periodically and suitable measures are adopted wherever necessary. The particulars are given in Annexure attached herewith.

TECHNOLOGY ABSORPTION :

The Company's manufacturing process for its Products is based on in-house technology, which has been successfully absorbed. The Company has been constantly making efforts for improvement of quality and for marketing new range of products.



FOREIGN EXCHANGE EARNING AND OUTGO :

The Company has spent Rs. 698.51 lacs during the year under review as against Rs. 1,243.17 lacs during the pervious year on import of raw materials and Travelling Expenses. During the year under review, the Company's foreign exchange earnings amounted to Rs.1240.19 lacs as against Rs. 2322.69 lacs during the previous year.

DEPOSITS :

The Company has not accepted any Fixed Deposits during the year under review.

PARTICULARS OF EMPLOYEES :

During the year there was no employee whose particulars are required to be given under Sub-section 2 A of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS :

M/s. Sunderlal, Desai & Kanodia, Chartered Accountants, the Auditors of the Company will retire from office of the Auditors and being eligible offer themselves for re-appointment.

AUDITORS' REPORT :

The note on the Accounts referred to in the Auditors' Report are self explanatory and, thereof, do not require any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT :

A Directors' Responsibility Statement as required Under Section 217(2AA) of the Companies Act, 1956 is given below:-

- (i) Directors have followed the applicable accounting standards in the preparation of the Annual Accounts and proper explanation relating to material departures have been given in schedule 12 Notes on Accounting forming part of the accompanying Accounts.
- (ii) Directors have selected the Accounting Policies as given in schedule 12 of Notes on Accounts 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 31st March, 2005 and of the profits of the Company for the year ended on that date.
- (iii) 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.
- (iv) Directors have prepared the Annual Accounts for the years ended 31st March, 2005 on a Going Concern basis.

**CORPORATE GOVERNANCE :**

A Separate report on Corporate Governance alongwith Auditors certificate on compliance has been annexed hereto.

INDUSTRIAL RELATIONS:

Industrial relations remained Cordial throughout the Company during the year under review.

ACKNOWLEDGEMENT:

The Directors wish to date this opportunity to thank the Industrial Development Bank of India, State Bank of India, State and Central Governments, the Shareholders for their valuable co-operation and support to the Company.

CONCLUSION:

The Directors wish to take this opportunity to thank all the employees of the Company for the services rendered by them.

For & on behalf of Board of Directors

Place : Mumbai

Dated : 30th July, 2005

Omprakash Dujodwala

Vineet Dujodwala

DIRECTORS



DUJODWALA PAPER CHEMICALS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'A'

1. POWER AND FUEL CONSUMPTION

[RS. IN LACS]

SR. NO.	PARTICULARS	2004-2005	2003-2004
1.	Electricity		
	Purchased Units (Kwh/Lakh)	11.03	13.47
	Total Amounts (Rs./Lakh)	41.28	49.20
	Rate/Unit (Rs.)	3.74	3.65
2.	Light Diesel Oil (LDO)/Furnace Oil (FO)		
	Quantity (Ltr./Lakh)	3.99	3.28
	Total Cost (Rs./Lakh)	60.99	44.28
	Average Rate (Rs./Ltr.)	15.29	13.56

FORM 'B'

Form for disclosure of particulars with respect to :

RESEARCH AND DEVELOPMENT (R&D)

1. Areas in which R&D is being carried out.

The R&D center continue to strengthen the Company's business by providing new Products and process, optimization of the existing range at pollution control. Brief Details are given below:-

- Strong R&D support has enabled development of various products.
- Pollution control was given importance and efforts directed towards reduction at source and by-product recovery and usage.

2. Benefits derived as a result of above R&D.

- Increase in product range, augmenting export potential and marketing.
- Product consistency for remaining universally competitive.
- Improvement in process control, conservation of energy resulting in cost reduction.

3. Future plan of action.

- Up gradation and development of more products.
- Product quality improvement and cost reduction.
- Waste minimization and development of cleaner and greener technology.

TECHNOLOGY ABSORPTION:

1. Efforts made.

- Improvement in technical services to meet customer requirement.
- Interaction with CSIR laboratories and consultants for improving process and pollution control.

2. Benefits derived as a result of above efforts.

- Better customer satisfaction.
- Cost effectiveness and increase in marketability.

The Company's manufacturing process for its products is based on in-house technology, which has been successfully absorbed. The Company has been constantly making efforts for improvements of quality and for marketing new range of products.



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The Company continues the good Corporate Governance practice already existing as per the Listing Agreement. The Company's philosophy on Corporate Governance envisages accountability, propriety and transparency in the working of the Company. The Company also believe that its activities should be towards enhancing value of stakeholders in the long term.

2. Board of Directors composition

As on the date of this Report, the Board of Directors of your Company consists of 6 members comprising of 1 Executive Director and 5 Non-Executive Directors. 3 Directors belong to the Promoter Group while 3 Directors are Independent. No Director is a member of more than 10 committees and Chairman of more than 5 committees across all Companies where they are Directors.

The Details are as under :-

Name	Executive / Non-Executive / Independent (*)	No. of outside Directorship(s)	Total No. of Membership(s) in Board Committee	No. of Chairmanship(s) In Board Committees
Shri Ramgopal M. Dujodwala	Non-Executive Chairman (Promoter)	6	3	2
Shri R. O. Kanoria	Non-Executive (Independent)	2	2	2
Shri S. C. Sethi	Executive Whole Time Director	NIL	NIL	NIL
Shri Vineet Dujodwala	Non-Executive (Promoter)	1	NIL	NIL
Shri Narendra Goenka	Non-Executive (Independent)	4	2	NIL

- An Independent Director is a Director who does not have any material pecuniary relationship or transactions with the Company, its Promoters or its subsidiaries, which in the judgement of the Board may affect their independent of judgement.

Board Meetings held during the year

During the financial year ended 31st March, 2005, 5 Board Meetings were held on 29th April, 2004, 30th July, 2004, 3rd September, 2004, 16th October, 2004 and 28th January, 2005.

Attendance of Directors at the Board Meetings and the last AGM (held on 16th October, 2004).

Name	No. of Board Meeting attended	Attendance at the last Annual General Meeting	Remarks
Shri Ramgopal M. Dujodwala	5	Yes	-
Shri. Kamalkumar Dujodwala	5	Yes	-
Shri R. O. Kanoria	5	Yes	-
Dr. S. C. Sethi	-	Yes	-
Shri Vineet Dujodwala	4	Yes	-
Shri Narendra Goenka	-	-	-