



ISO 9001:2000 CERTIFIED ORGANISATION

Dujodwala Paper Chemicals Limited

**20th ANNUAL REPORT
2006-2007**



DUJODWALA PAPER CHEMICALS LIMITED

BOARD OF DIRECTORS

Shri Ramgopal M Dujodwala	-	Chairman
Shri Omprakash Dujodwala	-	Wholetime Director
Shri Vineet Dujodwala	-	Whole-Time Director
Shri. Rajendra Agarwal	-	Director
Shri. Ravi Todi	-	Director



AUDITORS

M/s. mgb & Co.
Chartered Accountants,
Mumbai



SOLICITORS & ADVOCATES

M/s. Bachubhai Munim & Company
Mumbai.



BANKERS

State Bank of India
Backbay Reclamation Branch,
Raheja Chambers,
Free Press Journal Marg,
Nariman Point,
Mumbai.- 400 021



AUDIT COMMITTEE

Shri Rajendra Agarwal	-	Chairman
Shri Ravi Todi	-	Member
Shri Vineet Dujodwala	-	Member



REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

907, Raheja Centre
214, 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 20th Annual General Meeting of the Members of DUJODWALA PAPER CHEMICALS LIMITED will be held on Friday, the 28th September 2007 at Uncle's Kitchen, Mumbai-Poona Highway, National Highway No. 4, Mahad Phata, Khopoli, Dist. Raigad (Maharashtra), at 4.30 P.M. to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To consider and if though fit, to pass, with or without modification(s), the following Resolution as on ordinary Resolution:-
 "Resolved that, Mr. Ramgopal Dujodwala, a Director liable to retire by rotation, who does not seek his re-election be and is hereby not to be reappointed as a Director of the Company and in his place Mr. Ramesh Garg be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."
3. To appoint Auditors and fix their remuneration.

Report



junction.com

For & on Behalf of Board of Directors

Date : 03-09-2007

Place : Mumbai

(Omprakash Dujodwala)

Registered Office:

Atkargaon, Takai-Adoshi Road,

Taluka-Khalapur

Khopoli 410203

District 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 if 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 Wednesday, the 26th September, 2007 to Friday, the 28th September, 2007 (both days inclusive).
4. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No.2 is annexed hereto. The relevant details in respect of Item No.2 above, as required by Clause 49 of the Listing Agreement entered into with Stock Exchange are also annexed.


DUJODWALA PAPER CHEMICALS LIMITED
ANNEXURE TO NOTICE

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

Item No.2

Mr. Ramgopal Dujodwala retires by rotation as per the provisions of Section 256 of the Companies Act, 1956. However, he has not sought his re-election and therefore he will cease to be Director of the Company on the conclusion of forthcoming Annual General Meeting of the Company. The Board of Directors of the Company decided to appoint Mr. Ramesh Garg in his place. As required under Section 257 of the Companies Act, 1956, a Notice has been received from a Member proposing the name of Mr. Ramesh Garg for the office of Director.

None of the Directors of the Company is concerned or interested.

Directors commend this Resolution for your approval.

Details of Directors seeking appointment/reappointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement):-

Name of Director	Mr. Ramesh Garg
Date of Birth	22/09/1951
Date of Appointment	N/A
Expertise in specific functional areas	Textile Business 40 years
Qualifications	Mcom
List of Public Companies in which outside Directorships held as on 31 st March, 2007	No
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31 st March, 2007	No
No. of Shares held in the Company	Nil



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Accounts for the year ended 31st March, 2007.

	(Rs. In Lacs)	
	2006-07	2005-2006
FINANCIAL RESULTS		
Gross Sales	6475.06	4440.89
Other Income	8.43	-
Gross Profit before Interest, Depreciation and Taxation	397.28	482.89
Interest	150.11	168.70
Depreciation	138.83	136.19
Provision for Taxation & FBT	39.80	16.00
Excess Tax Returned Back	1.42	-
Deferred Tax Benefit	14.58	42.74
Net Profit for the year	84.54	204.74
Add:-		
Surplus brought forward from previous year	1409.32	1254.58
Balance available for Appropriation	1493.86	1459.32
Appropriations:		
General Reserve	Nil	50.00
Balance carried forward to Balance Sheet	1493.86	1409.32

DIVIDEND:

To meet the requirement of funds for working capital, the Directors have decided not to recommend any dividend for the year under review.



MANAGEMENT'S DISCUSSION & ANALYSIS :

Overview:

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

Industrial Structure and Developments

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 to alternate fuels.

Opportunities and Threats

The Company caters to the units of Paints, Rubbers, Papers, Tyres etc. which is showing a good sign of growth. The same should also result in the Company growing as the demand for its product rises.

The reduction in import duty threatens to bring into India imported products providing competition to the Company.

The Company is aware of the threat and is gearing up for the same.

Outlook:

The Company is continuously implementing means to innovate, reduce cost, be environment friendly.

The Company has a positive outlook towards the future with the industries being catered to showing good signs of growth

Risk & 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 systems commensurate with its operations. Periodical checks are conducted and necessary remedial measures are adopted.

Discussion on Financial Performance with respect to Operational Performance:

During the year under review, the company has achieved sales of Rs.6475.06 Lacs as against Rs.4440.89 Lacs during the previous year resulting an increase of 45%.

Fixed Deposits:

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

Human resources / industrial relations & particulars of employees.

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

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



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

Dr. Shanti Chandra Sethi has resigned w.e.f. 02-05-2007 due to personal reasons.

The Board places on record its sincere appreciation for the valuable services rendered by him during his tenure of Office as a Director.

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 'A' 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. 1356.30 lacs against Rs. 960.00 lacs during the previous year on import of raw materials and expenses. During the year under review, the Company's foreign exchange earnings amounted to Rs. 661.96 lacs as against Rs. 707.72 lacs during the previous year on account of export.

AUDITORS

M/S. mgb & Co., 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 notes on the Accounts referred to in the Auditors' Report are self explanatory and, therefore, 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:-

- 1) 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 16 of Notes on Accounts forming part of the accompanying Accounts.
- 2) Directors have selected the Accounting Policies as given in Schedule 16 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, 2007 and of the profits of the Company for the year ended on that date.



DUJODWALA PAPER CHEMICALS LIMITED

- 3) 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.
- 4) Directors have prepared the Annual Accounts for the year ended 31st March, 2007 on a Going Concern basis.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT:

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

CONCLUSION:

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

For & on behalf of Board of Directors



Date : 28-06-2007
Place : Mumbai.

(Omprakash Dujodwala) (Vineet Dujodwala)
WHOLE TIME DIRECTORS



ANNEXURE TO THE DIRECTORS' REPORT

FORM 'A'

A. POWER AND FUEL CONSUMPTION

[RS. IN LACS]

SR. NO.	PARTICULARS	2006-07	2005-2006
1.	Electricity		
	Purchased Units (Kwh/Lakh)	10.68	11.88
	Total Amounts (Rs./Lakh)	43.74	44.60
	Rate/Unit (Rs.)	4.56	3.75
2.	Light Diesel Oil (LDO) / Furnace Oil (FO)		
	Quantity (Ltr./Lakh)	4.05	3.95
	Total Cost (Rs/Lakh)	76.57	73.71
	Average Rate (Rs./Ltr)	18.90	18.66

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 centre continue to strengthen the Company's business by providing new products and process, optimization of the existing range and 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.

- Upgradation 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 requirements.
- 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.



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance.

The Company continues to observe good Corporate Governance practice which is 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 31st March, 2007, there were 6 Directors on the Board. Out of these, 3 was Executive Director and 3 were Non-Executive Directors. The Non-Executive Directors constituted half of the total number of Directors.

2 out of 6 Directors were independent Directors, which duly complied with the requirement of Code as the Chairman is a Non-Executive Director.

The information on composition of the Board, category of Directors, attendance at Board meetings held during the year and at the last Annual General Meeting, Directorships in other public companies and committees of other Public Companies of which the Director is a Member/Chairman is as under:-

Name of Directors	Category	Financial Year 2006-2007		Attendance at the Last AGM	No. of Directorships in other public Companies Incorporated in India	Committee positions held in other Companies
		Board Meetings held	Board Meetings Attended			
Shri Ramgopal M. Dujodwala	Promoter Non-Executive	8	Nil	No	***	***
Shri Omprakash Dujodwala	Promoter Executive	8	8	Yes	Nil	Nil
Shri. Vineet Dujodwala	Promoter Executive	8	8	Yes	Nil	Nil
Shri R.O. Kanoria*	Independent	8	3	No	Nil	Nil
Dr. S. C. Sethi	Executive Non Promoter	8	6	No	Nil	Nil
Shri. Ravi Todi**		8	3		6	2
Shri. Rajendra Agarwal	Independent	8	8	No		

* Ceased to be Director w.e.f. 30th September 2006.

** Appointed w.e.f. 30th September 2006

*** Information not received

3. Code of Conduct

The Company has adopted a Code of Conduct for it's all the Directors and Senior Management Personnel. All the Directors and Senior Management Personnel of the Company have affirmed Compliance with the Code of Conduct during the Financial year. A declaration to this effect signed by a Whole time Director of the Company forms part of this report.