

**PUDUMJEE
PULP & PAPER MILLS
LIMITED**



PUDUMJEE

**Annual Report
2011 – 2012**



Shri. Mahabir Prasad Jatia
(1931-2012)

Lives in our hearts Forever.....

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS:

M.P. JATIA Chairman & Managing Director (Expired on 25.05.2012)
V.O. SOMANI
O.P. GUPTA (Resigned w.e.f. 31.10.2011)
R.N. SETHNA
A.K. JATIA
V.P. LEEKHA
S.K. BANSAL
B.C. DALAL
V.K. BESWAL (Appointed w.e.f. 01.12.2011)

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:

MUMBAI, PUNE & NATIONAL STOCK EXCHANGES.

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTICE

The Forty Seventh 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 25th day of August, 2012 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2012, 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 2011-2012.
3. To appoint a Director in place of Mr. R.N. Sethna who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr.V.P. Leekha who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. S.K. Bansal 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 an Ordinary Resolution:

"RESOLVED THAT the number of Directors for the time being in office be increased from Seven to Eight".

8. To appoint a Director in place of Mr.Vinod Kumar Beswal who was appointed as additional Director of the Company pursuant to Article 126 of the Articles of Association and holds office only upto the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956 and being eligible, offers himself for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a Director in accordance with the provisions of Section 257 of the Companies Act, 1956 and, if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr.Vinod Kumar Beswal be and is hereby appointed as a Director of the Company".

9. 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 partial modification of 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 the remuneration at ₹ 1,75,000/- per month including Dearness Allowance to Mr.S.K. Bansal, the Whole-time Director under clause (b) of the Resolution dated 29th August, 2009 with effect from 1st April, 2012 for the remaining period of his appointment i.e. upto 31.03.2014, the other provisions of the said resolution remaining unaltered".

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 to 9 are annexed hereto.

The Register of members and Share Transfer Books of the Company will remain closed from Friday, the 10th day of August, 2012 to Saturday, the 25th day of August, 2012, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 3rd September, 2012 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 25th August, 2012. 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 9th August, 2012 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.

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Messrs. R.N. Sethna, V.P. Leekha and S.K. Bansal whose appointments are to be considered by the Annual General Meeting as mentioned above hold 5,120, Nil and 20 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 : 29th May, 2012.

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 2010-2011 on 20th September, 2011 (Due Date: 30th September, 2011).

PUDUMJEE PULP & PAPER MILLS LIMITED

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 to 9 under Special Business in the accompanying Notice dated 29th May, 2012 convening the Annual General Meeting.

RESOLUTION NO.7

Section 258 of the Companies Act, 1956 requires the sanction of the members by an Ordinary Resolution for increasing the number of Directors within the limit fixed by the Company's Articles of Association. It is therefore necessary to pass a formal resolution increasing the number of Directors for the time being in office from seven to eight.

The Resolution is commended for your approval.

RESOLUTION NO.8

Mr.Vinod Kumar Beswal was appointed as additional Director of the Company under Article 126 of the Articles of Association with effect from 1st December, 2011. Under the provisions of Section 260 of the Companies Act, 1956 and the provisions of the said Article he holds office only upto the date of the ensuing Annual General Meeting. Mr.Beswal is B.Com., FCA., and has vast and varied experience in Tax and Financial matters. A notice proposing Mr.Beswal for appointment to the office of Director at the ensuing Annual General Meeting together with a deposit of Rs.500 has been received by the Company as required by Section 257 of the Companies Act, 1956. The Ordinary Resolution in this behalf is, therefore, commended for the approval of the members.

Except Mr. Vinod Kumar Beswal no other Director is interested in this resolution.

RESOLUTION NO.9

Mr. S.K. Bansal was appointed as Whole-time Director of the Company with effect from 1st February, 2005 and was last 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. The Management proposes to extend the validity of remuneration and other benefits with effect from 01.04.2012 for the remaining period of his tenure at the same level. Mr.S.K. Bansal is a Bachelor of Commerce, Associate member of the Institute of Chartered Accounts 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 29th May, 2012 has recommended to continue the payment of remuneration and other benefits as aforesaid.

The Directors commend the resolution for your approval.

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

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 : 29th May, 2012.

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

PARTICULARS	₹ IN LACS										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	As At 31st March										
Shareholder's Funds	14266	13095	14685	14069	13929	13040	12518	12169	11828	11714	11857
Borrowed Funds	15000	8486	6823	5206	8218	6803	7038	4244	5206	6815	6576
TOTAL	29266	21581	21508	19275	22147	19843	19556	16413	17034	18529	18433
Net Fixed Assets	16476	9617	11082	11998	12727	12656	11783	10517	10620	11572	12373
Investments	1195	2115	2049	1006	967	896	829	819	811	818	440
Working Capital	11595	9849	8377	6271	8453	6291	6944	5077	5603	6139	5620
TOTAL	29266	21581	21508	19275	22147	19843	19556	16413	17034	18529	18433
Book value of Equity per share (₹)	35*	32*	36*	172	170	159	153	148	144	143	145
Earning per share (₹)	2.71*	1.80*	2.69*	4.42	6.43	5.61	5.88	7.48	2.27	0.8	6.33
Dividend per share (₹)	0.30*	0.30*	0.30*	0.25*	1.2	1.2	1.2	1.2	1.00	1.00	1.50

* ₹ 2/- per share

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS.

The Directors present the 47th Annual Report on the working of the Company for the year ended 31st March, 2012 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	2011-2012 ₹ In Lacs	Previous Year ₹ In Lacs
The gross profit before interest and Depreciation is	2526.83	2332.51
Reducing therefrom Finance cost of and Depreciation of	441.61	452.29
	782.64	867.10
The net profit comes to and the balance of Profit brought forward from last year of	1302.58	1013.12
the total comes to	<u>1464.04</u>	2484.49
	<u>2766.62</u>	<u>3497.61</u>
Adjusting against this amount the Following, namely:		
Provision for Current Taxation of	118.00	329.00
Provision/(Saving) for Deferred Taxation of	58.00	(-) 127.00
Prior period expenses	—	629.36
Provision for Impairment of Assets	—	1397.26
Deferred Tax Saving on Impairment	—	(438.00)
Dividend on Equity Shares of	123.00	123.00
Tax on Dividend of	19.95	19.95
And Transfer to General Reserve of	100.00	100.00
Totalling to	418.95	2033.57
There remains a balance of which the Directors propose to carry-forward to next year's accounts.	<u>2347.67</u>	<u>1464.04</u>

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, 2012 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, 2012 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 25th day of August, 2012. 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 9th August, 2012 as per the details furnished by the Depositories for this purpose.

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OPERATIONS

The year under review witnessed a mixed performance, the first half of the year showing good performance in terms of profitability which owing to rising input costs and steep depreciation of Rupee coupled with economic slowdown and recessionary conditions could not continue in the second half. Though through judicious product mix and marketing efforts, the negative impacts were somewhat checked, the second half of the year resulted in loss for the aforesaid reasons. The Management is conscious of the continued economic slowdown and steep depreciation of Rupee and expects that its strategy of constantly and judiciously changing product mix would stabilize its operations.

The Wind Power Project at Sadawaghapur in Maharashtra of the capacity of 2.5 MW is satisfactorily operating. Another plant of 2.1 MW at Jath in Maharashtra is expected to be commissioned by July 2012.

The Company has acquired a unit having land of about 75 acres at Mahad, District Raigad in Maharashtra together with machinery and buildings for which necessary documentation has been completed during the year under review. At Mahad, a Paper manufacturing facility has been planned at a cost of about ₹100 Crores.

Your Directors are happy to inform that the accompanying accounts of the Company includes a profit of ₹ 691 lacs being its share from the Partnership firm "Pudumjee G:Corp Developers" from Real Estate activity, consequent upon completion of first building having 94 mid-sized luxurious flats. Another two buildings having about 188 flats are expected to be completed in the current year when revenue from which is expected to be recognized by the firm and consequently by the Company. The remaining four buildings are expected to be completed progressively.

The labour relations continued to remain peaceful.

Out of 70 Fixed Deposits amounting to ₹ 22,27,000 which had matured for payment as at the close of 31st March, 2012, 24 deposits of the value of ₹10,28,000 have been claimed upto 24th May, 2012.

DIRECTORS

On 25th May, 2012 the Company suffered an irreparable loss in the sad demise of Mr. Mahabir Prasad Jatia, the Chairman and Managing Director of the Company who joined the Board in 1972. The Company achieved great success and glory during his tenure. His vision, invaluable guidance, untiring efforts and keen interest which he took in the affairs of the Company were a source of innate strength to the Company for which it owes to him an immense debt of gratitude.

Mr. O.P. Gupta has resigned from the Board of Directors of the Company with effect from 31st October, 2011. Consequently he ceased to be a member of the Audit Committee of the Board. The Board places on record its sincere appreciation of the services rendered by Mr. O.P. Gupta during his tenure on the Board and Committee.

Mr. Vinod Kumar Beswal has been appointed as an Additional Director on the Board of the Company with effect from 1st December, 2011. According to the provisions of Section 260 of the Companies Act, 1956 he will cease to hold the office on the date of the ensuing Annual General Meeting. A Resolution has been proposed for his re-appointment which the Directors commend for your approval.

Messrs. R.N. Sethna, V.P. Leekha and S.K. Bansal, retire by rotation and being eligible offer themselves for re-appointment.

Special Resolution is proposed to extend the validity of remuneration payable to Mr.S.K. Bansal, the Whole-time Director for the remaining period of his term which would end on 31st March, 2014.

The resolution is 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,

A.K. Jatia

Director

B.C. Dalal

Director.

Mumbai,

Dated : 29th May, 2012.

PUDUMJEE PULP & PAPER MILLS LIMITED

ANNEXURE "A" TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2012.

I CONSERVATION OF ENERGY:

a) Measures taken

Continuous monitoring of electrical energy consumption and evaluation of operating parameters in following specific areas:

- power reduction in Pumps by optimisation.
- Specific steam reduction by replacing rotary siphons.

b) Proposals

Utilisation of flash steam, Insulation of bare/spoiled steam pipe lines.
Replacement of Aeration System by Diffusor System at ETP.
Replacement of old motors by energy efficient motors.

c) Impact of measures at (a) and (b) above on reduction of energy consumption:

Impact of measures at (a) and (b) above would result in savings of about ₹ 61 Lacs per annum.

d) Power and Fuel Consumption:

	2011-12	Previous Year
i) Electricity		
(a) Purchased		
- Units (KWH in lacs)	537	605
- Total Amount (₹ In lacs)	3618.04	3498.48
- Average Rate/KWH (₹ in lacs)	6.74	5.78
(b) Own Generation:		
(i) Through Power Generator		
Units (KWH in lacs)	-	1
Units per Ltr. Of fuel oil	-	3.90
Cost/Unit (₹)	-	6.26
(ii) Through Steam Turbine		
Units (KWH in lacs)	21.35	22.97
Cost of equivalent power (₹ In lacs)	143.89	132.76
(iii) Through Wind Mill		
Units (KWH in lacs)	38.35	-
Cost of equivalent power (₹ In lacs)	275.91	-
ii) Steam Coal utilized in Boiler		
(Grade 'C' or Grade 'D' whichever is available)		
Quantity (MT)	25047	25173
Total Amount (₹ In lacs)	1252.25	1129.63
Average Rate / MT (₹)	5000	4487
iii) Fuel Oil		
- Quantity (KL)	93	293
- Total Amount (₹ In lacs)	24.74	68.96
- Average Rate (₹ Per KL)	26602	23536
iv) Consumption per tonne of paper produced:		
- Electricity (KWH)	2331	1853
- Fuel Oil (KL)	0.004	0.009
- Steam Coal (MT)	0.978	0.741

As we are a specialty paper mill, the requirement of energy varies widely with the quality of paper being manufactured and this would fluctuate annually depending upon the product mix and the raw material mix being utilized for different grades and at different times.

II RESEARCH AND DEVELOPMENT:

- | | | |
|---|--|--|
| 1 | Specific Areas in which R & D Carried out by the Company | <ul style="list-style-type: none"> (a) Development of new grades of paper like flexible packing paper, grease resistant paper, Décor paper glassine & bakery release paper. (b) Cost Reduction by substituting partly recycled pulp for virgin fiber, use of alternative dyes and specialty chemicals. (c) Optimized chemical addition on various paper grades running on machine and waste paper recycling plant. (d) Enzyme and enzyme culture effluent treatment study. |
| 2 | Benefits derived as a result of Above R & D | <ul style="list-style-type: none"> (a) Conservation of natural resource & better environmental management by replacing virgin fiber with recycled paper pulp in certain paper grades. (b) New product developed as per market demand, cost effective production with enhanced quality. |
| 3 | Future Plan of action | <ul style="list-style-type: none"> (a) Development of value added products, like grease resistant paper (High oil kit), release paper (b) Cost reduction by replacing virgin pulp by using low cost furnish, alternate chemicals etc. (c) Water conservation in line with new standards. |
| 3 | Expenditure on R & D | Rupees in Lacs |
| | (a) Capital | -- |
| | (b) Recurring | 96.90 |
| | (c) Total | <u>96.90</u> |
| | (d) Total R & D expenditure as a percentage of Turnover | 0.44 |

III TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- | | | |
|---|--|---|
| 1 | Efforts in brief made towards technology absorption, adaptation and innovation | <ul style="list-style-type: none"> (a) Installation of chemical preparation system. (b) 2.1 MW Wind Power Project. (c) Optimization of SNC control system. |
| 2 | Benefits derived as a result of The above efforts | <ul style="list-style-type: none"> (a) Quality improvement & chemical saving (b) Renewable energy generation wind power |
| 3 | No new technology was imported in last five years. | |

IV FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|---|---|
| 1 | During the year the Company has exported 254.13 MT of paper at ₹ 202.57 lacs as compared to 58 MT of paper valued at ₹ 44.55 lacs during 2010-11. All out efforts are being made to improve export performance further. |
| 2 | Foreign Exchange earned and used were ₹ 202.57 lacs and ₹ 10,011.78 lacs, respectively. |

On Behalf of the Board of Directors,

A.K. Jatia
Director

B.C. Dalal
Director.

MUMBAI

Dated : 29th May, 2012

AANNEXURE "C" TO DIRECTORS' REPORT CORPORATE GOVERNANCE DISCLOSURES

The Directors present their Report on Corporate Governance as required by SEBI guidelines and listing Agreements:

Company's Philosophy on Code of Governance:

The Company's philosophy on Corporate Governance envisages transparency with integrity in all its dealings with its stakeholders including shareholders, employees, lenders and others.

Code of Conduct:

In tune with the corporate philosophy stated in the preceding para, the Board of Directors of the Company in its meeting held on 29th October, 2005 laid down a Code of Conduct for all the Board Members and Senior Management personnel of the Company in terms of the requirement of clause 49. The Code of Conduct is displayed at the Company's website www.pudumjee.com. Affirmation regarding compliance with the Code of Conduct had been obtained from all Board members and Senior Management personnel of the Company. As required, a declaration duly signed by the Chief Financial Officer to the effect is appended.

Board of Directors:

The Board of Directors was composed of 2 Promoter Directors (one of whom is the Chairman and Managing Director, who expired on 25th May, 2012), two Whole-time Directors and the rest Non Executive Independent Directors. The Managing Director conducts the day to day management of the Company subject to the supervision and control of the Board of Directors and is assisted by the two Whole-time Directors one of whom is Chief Executive Officer. The composition of the Board of Directors is given hereunder:

Name	Category	No. of other Directorships & Committee Membership / Chairmanships held			Attendance Particulars (No. of Board Meetings held in 2010-2011-5)
		Directorships	Committee Memberships	Committee Chairmanships	
Mr.M.P. Jatia#	CMD/PR	6	-	-	5
Mr.V.O.Somani	NED/IND	3	-	-	5
Mr.O.P.Gupta*	NED/IND	1	3	3	-
Mr.R.N. Sethna	NED/IND	4	1	1	4
Mr.V.P. Leekha	WTD/CEO	1	-	-	4
Mr.A.K. Jatia	NED/PR	6	-	1	5
Mr.S.K.Bansal	WTD	5	1	-	5
Mr.B.C. Dalal	NED/IND	4	-	-	5
Mr.V.K. Beswal**	NED/IND	2	-	-	2

* Resigned w.e.f. 31.10.2011 ** Appointed w.e.f. 01.12.2011 # Expired on 25.05.2012

CMD: Chairman & Managing Director, WTD: Whole-time Director, NED: Non-Executive Director, IND: Independent, PR: Promoter, CEO: Chief Executive Officer.

Messrs. A.K. Jatia, S.K. Bansal and V.P. Leekha, the Directors of the Company attended last Annual General Meeting held on 27th August, 2011.

During the year 2011-2012 Five Board Meetings were held on the following dates:

-26th May, 2011, 29th July, 2011, 31st October, 2011, 14th January, 2012 and 10th February, 2012.

Details of remuneration paid to Directors during the year ended 31st March, 2012:

(Figures in Rupees)

Name	Sitting fees	Salaries	Perquisites	Commission	Total
Mr.M.P.Jatia	-	24,00,000	12,52,321	3,10,203	39,62,524
Mr.V.O.Somani	49,000	-	-	-	49,000
Mr.O.P.Gupta*	-	-	-	-	-
Mr.R.N. Sethna	20,000	-	-	-	20,000
Mr.A.K.Jatia	49,000	-	-	-	49,000
Mr.V.P. Leekha	-	90,55,000	25,79,746	-	116,34,746***
Mr. S.K. Bansal	-	21,00,000	7,38,638	-	28,38,638
Mr.B.C. Dalal	45,000	-	-	-	45,000
Mr.V.K. Beswal**	10,000	-	-	-	10,000

* Resigned w.e.f. 31.10.2011

** Appointed w.e.f. 01.12.2011

*** Includes arrears of ₹ 40,22,200/- for financial year 2010-2011.

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- Mr.M.P. Jatia was entitled to commission at 1% of the profits of the Company.
- Perquisites include housing/house rent allowance with electricity, gas, medical expenses, leave travel assistance, club fees, accident insurance, contribution to provident and Superannuation fund etc., but exclude provision for gratuity.
- Severance fees, stock options and notice period are not applicable in case of Executive Directors.
- The appointments of Messrs M.P. Jatia is for a period of five years with effect from 1st April, 2007, of Mr.V.P. Leekha is for five years with effect from 1st April, 2009 and of Mr.S.K. Bansal is for five years with effect from 1st April, 2009.
- Non Executive Directors draw no remuneration except by way of sitting fees for each meeting of Board or Committee thereof attended by him, within the limits prescribed by law in this regard.
- Mr.A.K. Jatia is relative of late Mr.M.P. Jatia.
- Messrs. V.O. Somani, R.N. Sethna, A.K. Jatia, B.C. Dalal, S.K. Bansal and V.K. Beswal hold 7310, 5120, 19,50,894, Nil 20 and Nil, equity shares of ₹ 2/- each of the Company respectively.

Appointment of Directors:

Resolutions have been proposed for the re-appointment of Messrs R.N. Sethna V.P. Leekha and S.K. Bansal as Directors of the Company on their retirement by rotation. Special Resolution has been proposed for remuneration to Mr.S.K. Bansal for the remainder of his tenure.

A resolution has been proposed for the appointment of Mr.Vinod Kumar Beswal as a Director of the Company who was appointed as additional director under section 260 of the Companies Act, 1956.

- a) Mr. Rusi N. Sethna was appointed as Non-Executive Director in 1992 and since then he has been reappointed from time to time on retirement by rotation. Mr.Sethna is an eminent Solicitor with a wide and varied experience especially in the field of Corporate Law. He holds 5120 equity shares of ₹ 2/- each of the Company. He is a partner in the firm of M/s Maneksha & Sethna, Advocates and Solicitors and Director of the following Companies:

Modern India Ltd., Chalet Hotels Ltd., and Gelnova Laboratories Pvt.Ltd..

He is member of the following other Company's Committees:

Modern India Ltd. - Shareholders Grievance Committee (Member)

- b) Mr.V.P. Leekha was appointed as Whole-time Director in 2000 for a period of five years with effect from 1st April, 2000 and reappointed for a further period of 5 years with effect from 1st April, 2004 and further reappointed for five years with effect from 1st April, 2009 and designated as Chief Executive Officer with effect from 1st April, 2010. Mr. Leekha is B.E. (Mechanical) and has over 49 years experience in Paper Industry. He does not hold any equity share in the Company. He is Director of Pudumjee Hygiene Products Ltd.

He is not a Chairman or a member of any other Company's Committees.

- c) Mr.S.K. Bansal was appointed as Whole-time Director in 2005 and reappointed for a further period of 5 years from 01.04.2009. Mr.Bansal is a B.Com., ACA, ACS and has a wide and varied experience of about 29 years in Finance & Administration and has been associated with the Company since 1984. A Special Resolution has been proposed for the remuneration payable to Mr.S.K. Bansal for the remainder of his tenure as Whole-time Director of the Company with effect from 1st April, 2012. He holds 20 equity shares of ₹ 2/- each of the Company. He is Director of the following Companies:

Pudumjee Investment & Finance Co.Ltd., Thacker & Co.Ltd., Pudumjee Plant Laboratories Ltd., Pudumjee Hygiene Products Ltd., Pudumjee Holdings Ltd.

He is a member of the Audit Committee of Thacker & Co.Ltd.

- d) Mr.Vinod Kumar Beswal was appointed as an additional Director of the Company with effect from 1st December, 2011. According to the provisions of Section 260 of the Companies Act, 1956, he will cease to hold the office on the date of the ensuing Annual General Meeting and stands for election in the manner provided by the Companies Act and the Articles of Association of the Company.

Mr.Beswal is B.Com., FCA., and has vast and varied experience in Tax and Financial matters. He does not hold any shares of the Company. He is Director of following Companies:

Kunal Consultancy Pvt.Ltd. and Jalaram Mercantile Pvt.Ltd.

He is not a Chairman or a member of any other Company's Committees.

BOARD PROCEDURE:

Board Meetings are held about four-five times a year. Detailed Agenda is sent to each Director well in advance of the meetings. The Directors are briefed at each Board Meeting regarding performance and working by the functional heads. In addition to matters statutorily requiring Board's approval, all major decisions of policy, strategic formulations, capital expenditure, new investments, major accounting policies are considered by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Company operates in Specialty Paper segment having substantially higher per tone sales realization compared to normal Paper segment. The Company's ability to constantly change and update its product mix so as to meet emerging requirements of market helps it to contain rising costs of input.

The increasing awareness about hazards of usage of plastics for packaging augurs well for the products of the Company which otherwise, at times, faces challenges of unfair competition from imports and, therefore, the long-term outlook appears to be encouraging. With a view to avail such growing opportunities the Company is in the process of expanding its capacity by setting up a Brown Field project for manufacture of Specialty Papers in Mahad, District Raigad in Maharashtra.

The Real Estate project for construction of about 650 mid sized luxurious flats in Pune in Partnership is satisfactorily progressing. The possession of flats to the customers, in its first building has been handed over by the firm in March, 2012. Possession of flats in the next two buildings is expected to be handed over in the current year.

The existing Wind Mill Plants are satisfactorily operating. Another Wind Mill Plant of the capacity of 2.1 MW is under installation and is expected to be commissioned by July, 2012.

The existing internal controls of the Company are periodically reviewed by the Audit Committee and are considered adequate.

The Company employs about 530 employees and Company's relations with the labour remained cordial.

Committee of Directors:

(a) The Board has constituted a Committee of Directors under Section 292 of the Companies Act, 1956 consisting of Messrs. M.P. Jatia (expired on 25-05-2012), A.K. Jatia and S.K. Bansal to deal with the matters relating to investments and Borrowings.

(b) Audit Committee:

The Audit Committee consists of four non Executive Directors, out of which three are independent Directors, namely Messrs. O.P. Gupta (Chairman) (Independent Director) (since resigned as Director w.e.f. 31.10.2011), V.O.Somani (Independent Director), A.K. Jatia and Mr.Bhupen C. Dalal (Independent Director). The broad terms of reference of this Committee are:

- To review quarterly/half-yearly and annual financial statements.
- To review the Company's financial reporting systems.
- To consider the matter of appointment/re-appointment etc. of Statutory Auditors and their remuneration.
- To review the internal control and audit systems.
- To review the Company's financial and risk management policies.

The Committee had held four meetings during the financial year 2011-2012 viz the first for consideration of Annual Accounts for the year ending 31st March, 2011, the second for consideration of quarterly results for the quarter ending 30th June,2011, the third for consideration of quarterly/half-yearly results for the quarter ending 30th September, 2011, and the fourth for considering quarterly results for the quarter ending 31st December, 2011 respectively. Mr.O.P. Gupta could not attend the meetings, Mr. V.O. Somani, Mr. A.K. Jatia and Mr. B.C. Dalal attended all the four meetings.

The Statutory Auditors and Internal Auditor had attended all four Audit Committee Meetings.

(c) Shareholders'/Investors' Grievance Committee:

The Committee comprises of Messrs. V.O.Somani (Chairman), A.K. Jatia and S.K. Bansal. Its terms of reference include review of complaints of shareholders/investors, the Company's performance on redressal of complaints and to look into the correspondence with Securities & Exchange Board of India (SEBI) and the Stock Exchanges concerning Investor's Complaints.

Mr.S.K. Bansal, the Company Secretary is the Compliance Officer.

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During the year 2011-2012, the Company received 53 complaints from investors and 1 complaint was received through SEBI and No Complaint was received through Stock Exchange. The complaints received have been replied to and resolved. No complaints are pending for resolution.

As on 31st March, 2012 there was no transfer of shares pending for approval. The transfers are dealt with, invariably, within one month from their date of lodgement.

(d) Remuneration Committee:

The Remuneration Committee consists of three non Executive Independent Directors namely; Messrs. R.N. Sethna (Chairman), V.O.Somani and Mr.B.C. Dalal (Independent Directors).

The broad terms of reference of this Committee are:

- To review and determine the Company's Policy regarding remuneration payable to Managing and Whole-time Directors;
- To fix their remuneration within the limits laid down under the Companies Act, 1956

No meeting of the Remuneration Committee was held during the year 2011-12.

General Body Meetings:

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Thergaon, Pune 411 033 on 29th August, 2009, 28th August, 2010 and 27th August, 2011 at 9.00 a.m. (ST).

(i) Special Resolutions were passed for Appointment and Remuneration payable to Whole-time Directors on 29th August, 2009. No special resolutions were passed at the Annual General Meeting held on 28th August, 2010 and 27th August, 2011.

(ii) Special Resolution was passed for revision in Remuneration and other benefits payable to Mr.V.P. Leekha and re-designation of Mr.V.P. Leekha as Chief Executive Officer with effect from 01.04.2010 at the Extra-ordinary General Meeting held on 11th December, 2010.

(iii) No Extra-ordinary General Meeting was held during the year.

No special resolutions were required to be put through Postal Ballot last year.

One Special Resolution is proposed to be moved at the ensuing Annual General Meeting.

Disclosures

- As disclosed in the accompanying accounts, wherever required, full provision has been made relating to transactions with subsidiary and associate Companies.
- There were no instances of non compliance by the Company, nor were any penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any statutory authority on any matter relating to capital markets during the last three years.
- No personnel has been denied access to the Audit Committee;
- All the mandatory requirements of the revised Clause 49 of the listing agreement have been complied with as detailed in this annexure "C". Non-mandatory requirements have been complied with in so far as they relate to appointment of remuneration committee and having unqualified financial statements.
- In terms of listing agreement, the Company has its "Risk Management Policy and Mitigation measures" and is adopted by the Board. The Board/Audit Committee periodically reviews the risks and the measures to mitigate the same.

Means of Communication

- The Company has published its quarterly and half yearly results giving the required particulars in the "Financial Express"/"Economic Times" and "Loksatta"/Maharashtra Times (Regional Language).
- These results are also posted on Company's website www.pudumjee.com.
- The Company has created a dedicated E-mail ID for investor's complaints viz. inv_compl_ppm@pune.pudumjee.com
- The Management Discussion and Analysis is part of the Annual Report of the Directors to the Shareholders of the Company.
- The Code of conduct adopted by the Board of Directors is also posted on Company's aforesaid website.

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General Information for Shareholders:

- (a) Annual General Meeting
 Date & Time : Saturday, 25th August, 2012 at 9.00 a.m.
 Venue : Registered Office of the Company at Thergaon, Pune - 411 033.
- (b) Financial Year : 1st April to 31st March
 Financial Calendar (Tentative)
 Date of Book Closure : 10th August, 2012 to 25th August, 2012.
 Last date for receipt Of Proxy Form : 23rd August, 2012 (before 9.00 a.m.)
 Dividend Payment Date : 3rd September, 2012.
 Board Meeting for Consideration of unaudited results for first three quarters : Within 45 days of succeeding quarter.

Listing on Stock Exchanges:

The equity shares of the Company are listed at the following Stock Exchanges:

Sr.No.	Name and address of the Stock Exchanges	Stock Code
1.	Pune Stock Exchange Ltd. Shivaleela Chambers, 3rd Floor, R.B. Kumthekar Marg, 752, Sadashiv Peth, PUNE 411 030.	PADPU 2440
2.	Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejibhoy Towers 25th Floor, Dalal Street, MUMBAI 400 001.	500343
3.	The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), MUMBAI 400 051.	PDUMJEPULP

Listing fees paid : Listing fees for the year 2012-2013 have been paid in full to Pune Stock Exchange Ltd., Bombay Stock Exchange Ltd., Mumbai, and National Stock Exchange of India Ltd.

Demat : NSDL and CDSL for Equity Shares (Stock Code INE606A01024).

De-listing of Equity Shares : N.A.

(c) Market Price Data & Share Price Performance: (Face value ₹ 2/- per share)

Month	National Stock Exchange		Bombay Stock Exchange		BSE 500 Index (Closing)
	High (₹)	Low (₹)	High (₹)	Low (₹)	
April, 2011	25.90	21.00	25.90	21.10	7427.14
May, 2011	24.90	19.15	23.85	19.00	7233.85
June, 2011	24.45	18.50	22.50	19.15	7265.32
July, 2011	23.75	19.15	23.60	19.10	7111.31
August, 2011	23.00	15.00	22.15	17.00	6487.22
Sept., 2011	20.00	16.55	19.90	17.05	6385.76
Oct. 2011	19.90	16.00	18.20	16.00	6763.26
Nov., 2011	18.95	14.90	18.30	14.80	6117.00
Dec. 2011	16.50	14.00	16.40	14.00	5778.65
Jan. 2012	19.80	14.00	19.00	14.15	6549.31
Feb. 2012	19.75	16.30	19.70	16.25	6857.28
March 2012	19.50	15.00	18.50	14.80	6759.63

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- (d) Registrars & Share Transfer Agents : M/s Karvy Computershare Pvt.Ltd.
(Share transfer and communication regarding share Certificates, Dividend and change of address) : 17-24, Vittal Rao Nagar, Madhapur, **HYDERABAD 500 081.**
Tel : 91-40-44655000
Fax : 91-40-23420814
E-mail : einward.ris@karvy.com
- This is a Common Agency looking after all the work related to share registry in terms of both physical and electronic connectivity (as per directions of SEBI)
- The Shareholders/investors can approach M/s Karvy Computershare Pvt.Ltd. at any of its service centres throughout the country for any of their queries relating to share transfer, dividend etc.
- (e) Share Transfer System : The Share transfers in physical form are presently processed and the Share Certificates returned within a period of 30 days from the date of receipt subject to the documents being in order in all respects.
- f) Shareholding pattern and distribution of shares as at 31st March, 2012 : Face Value ₹ 2/- per share:

SHAREHOLDING PATTERN			DISTRIBUTION OF SHAREHOLDING		
Category	No.of shares	%	No. of shares	No.of shareholders	Shares held in each class
Promoters	25008608	61.00	1 - 5000	8753	5236444
Banks/Institutions	166175	0.41	5001-10000	418	1612665
Bodies Corporate	2282744	5.57	10001-50000	320	3493705
Public	13542473	33.02	50001-100000	30	1088848
			100000 & above	51	29568338
Total	41000000	100.00		9572	41000000

- (g) Dematerialization of Shares : Approximately 95.85% of the shares are held in dematerialized form as on 31st March, 2012. The trading in Equity Shares of the Company by all investors is permitted only in dematerialized form.
- On and from 1st February, 2005, for the convenience of the Shareholders, the Company as required by SEBI is paying the Custody charges to the Depositories viz. NDSL & CDSL and as such the shareholders are requested to take advantage by dematerializing their shares at the earliest.
- Sub-division of shares : Each equity share of the Company of ₹ 10 had been sub-divided into five equity shares of ₹ 2/- each with effect from 01.04.2009.
- (h) In compliance of the amendment to Clause 5A(II) to the Listing Agreements, the procedure spelt out therein has been completed and the "Unclaimed Suspense Account" with Axis Bank Ltd., has been opened. The transfer of shares to the Account is in process.
- (i) Liquidity : The total number of shares transferred in the non demat segments during 2011-2012 was 8040.

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- (j) Plant Location : Thergaon, Pune 411 033.
- (k) (i) Investors Correspondence : Karvy Computershare Pvt.Ltd.
(for transfer/dematerialization : 17-24, Vittal Rao Nagar,
and any other inquiry relating : Madhapur,
to the shares of the Company) : HYDERABAD 500 081.
Tel. : 91-40-44655000
Fax : 91-40-23420814
E-mail : einward.ris@karvy.com
- The Shareholders/investors can approach M/s Karvy Computershare Pvt.Ltd. at any of its service centers throughout the country for any of their queries relating to share transfer, dividend etc.
- (Note: Shareholders holding shares in Electronic Mode should address all correspondence to their respective Depository Participants).
- (ii) Any other inquiry : The Company Secretary,
Pudumjee Pulp & Paper Mills Ltd.,
Thergaon, Pune 411 033.
Tel. : 91-20-30613333
Fax. : 91-20-30613388
E-mail : sk@pune.pudumjee.com
- (iii) Dedicated E-mail ID for : inv_compl_ppm@pune.pudumjee.com
Investor Complaints
- (l) Compliance Certificate : The Certificate of Compliance with requirements of Corporate Governance by the Company, issued by M/s Khare & Company, the auditors of the Company is annexed.
- (m) Qualifications in Auditors' : The Auditors have not expressed any qualification or adverse remark in their Report.
Report

On Behalf of the Board of Directors,
A.K. Jatia B.C. Dalal
Director Director.

MUMBAI
Dated : 29th May, 2012

Annexure - "A"

Corporate Governance Report of
Pudumjee Pulp & Paper Mills Ltd.,

Declaration regarding affirmation of Code of Conduct

In terms of the requirement of the Revised Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company in its meeting held on 29th October, 2005 has been displayed at Company's website www.pudumjee.com. All the members of the Board and the senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2012.

Mumbai,
Dated : the 29th day of May, 2012.

S. K. Bansal
Chief Financial Officer

PUDUMJEE PULP & PAPER MILLS LIMITED

AUDITORS' CERTIFICATE

The Shareholders of,
Pudumjee Pulp & Paper Mills Ltd.,
Thergaon, Pune 411 033.

We have reviewed the records and documents concerning implementation of Corporate Governance procedures set by the Company during the financial year ended 31st March, 2012 and furnished to us for our review.

Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review, and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements entered into, by the Company with various Stock Exchange of India.

In our opinion and to the best of our information and according to the explanations given to us we certify that company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KHARE & CO.,
Chartered Accountants,
FRN 105100W

Y.P. SHUKLA
Membership No. 16203
Proprietor.

Mumbai,
Dated: 29th May, 2012.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Pudumjee Pulp & Paper Mills Ltd., as at 31st March, 2012 and also the Profit and Loss Account and Cash Flow Statement annexed thereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion the said Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards as referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, we report that there are no directors of the Company who are disqualified under section 274(1) (g) of the Act, from being appointed as directors during the year.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by law in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of the Balance sheet of the state of affairs of the Company as at 31st March 2012;
 - ii. In the case of the Profit and Loss Account of the Profit for the year ended on that date and
 - iii. In the case of the Cash Flow Statement of the cash flows for the year ended on that date;

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we further state that :-

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) As explained to us, the fixed assets have been physically verified by the Management at the end of the year. It has been reported to us that, no material discrepancies have been noticed on such verification;
- c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year;
- ii. a) It is reported that, the inventories have been physically verified by the management at the end of the year;
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) The Company has maintained proper records of inventories and as explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records;
- iii. a) The Company has granted unsecured loans aggregating ₹ 6099.40 lacs during the year to two Companies, covered in the register maintained under Section 301 of the Companies Act, 1956.

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- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans given are not prima facie prejudicial to the interest of the Company;
- c) The parties to whom loans have been given by the Company are repaying the principal amounts as stipulated and interest thereon wherever applicable;
- d) There are no overdue amounts in respect of loans given by the Company;
- e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956;
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and also for the sale of goods and services. There are no continuing failure to correct major weaknesses in the internal control;
- v. a) According to the information and explanations given to us, the transactions that need to be entered in the register maintained U/s 301 of the Companies Act, 1956, have been so entered;
- b) According to the information and explanations given to us, these transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- vi. The Company has accepted deposits from the public and has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, and the directives issued by the Reserve Bank of India;
- vii. The Company has appointed independent internal auditors and in our opinion the internal audit system is commensurate with the size and nature of its business;
- viii. We have broadly reviewed the records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However no detailed examination of such accounts and records have been carried out by us;
- ix. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues have been regularly deposited during the year with the appropriate authorities;
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears as on 31st March, 2012 for a period of more than six months from the date they became payable;
- c) The disputed Statutory dues aggregating ₹ 154.47 lacs that have not been deposited on account of disputes and matters pending before appropriate authorities are as under:-

S. No	Nature of the dues	Forum where the dispute is pending	Amount (₹ in lacs)
1	Excise Duty	High Court, Mumbai (Dept's Appeal)	20.96
2	Excise Duty	CESTAT (Dept's appeal)	60.05
3	Excise Duty	CESTAT (Dept's appeal)	0.51
4	Excise Duty	CESTAT Dy.Commissioner (Central Excise)	3.82
5	Customs	CESTAT	68.32
6	Service Tax	CESTAT (Service Tax) (Dy.Commissioner)	0.81

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- x. The Company has no accumulated losses and it has not incurred cash losses during the year under report and the immediately preceding financial year;
- xi. According to the information and explanations given to us, the Company has not committed any default in repayment of dues to financial institutions or banks or debenture holders;
- xii. In our opinion and according to the information and explanations given to us, the company has not granted any loans on the basis of Security by way of pledge of shares, debentures and other securities;
- xiii. In our opinion the Company is not a nidhi, mutual benefit fund or a society;
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments;
- xv. The Company has given guarantees for loan and other credit facilities taken by others from Bank and according to the information and explanations given to us, the terms and conditions of such guarantees are not prejudicial to the interest of the Company.
- xvi. According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained;
- xvii. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, We report that no funds raised on short term basis have been used for long term investment;
- xviii. According to the information and explanations given to us, during the year under report the Company has not made any allotment of shares;
- xix. According to the information and explanations given to us, the Company has not issued any debentures and hence the question of creating security or charge therefor does not arise;
- xx. During the year under report, no public issue has been made by the Company;
- xxi. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For KHARE & CO.,
Chartered Accountants,
FRN 105100W

Y.P. SHUKLA
Membership No. 16203
Proprietor.

Mumbai,
Dated: 29th May, 2012.

PUDUMJEE PULP & PAPER MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	AS AT 31.03.2012 ₹ in lacs	AS AT 31.03.2011 ₹ in lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	820.00	820.00
(b) Reserves and Surplus	2	11,366.75	10,370.29
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	6,302.90	2,777.87
(b) Deferred tax liabilities (Net)		1,632.00	1,574.00
(c) Other Long-term Liabilities	4	2,134.58	1,546.03
(d) Long term provisions	5	712.90	703.42
(3) Current Liabilities			
(a) Short-term borrowings	6	1,415.22	561.87
(b) Trade payables	7	3,376.37	2,852.48
(c) Other current liabilities	8	2,677.74	1,537.24
(d) Short-term provisions	9	209.97	307.46
Total		30,648.43	23,050.66
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	10,457.53	8,870.41
(ii) Capital work-in-progress		5,934.11	658.53
(b) Non-current investments	11	345.31	242.91
(c) Long term loans and advances	12	4,727.77	3,746.97
(2) Current assets			
(a) Current investments	13	—	751.96
(b) Inventories	14	5,973.30	3,282.14
(c) Trade receivables	15	2,024.57	3,123.79
(d) Cash and Bank Balances	16	121.95	209.74
(e) Short term loans & Advances	17	1,063.89	2,164.21
Total		30,648.43	23,050.66

As per our report of date attached.

For **KHARE & CO.**,
Chartered Accountants

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 29th May, 2012

OTHER NOTES AS PER NOTE '25'

S. K. BANSAL
Director (Finance) &
Company Secretary

On behalf of the Board,

A. K. JATIA
Director

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

ANNUAL REPORT 2011-2012

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	<u>2011-2012</u> ₹ in lacs	<u>2010-2011</u> ₹ in lacs
I. a) Revenue from operations	18	22,877.58	23,368.13
Less : Excise Duty		<u>1,059.70</u>	791.43
		21,817.88	22,576.70
b) Profit from firm in Real Estate Activity		<u>690.60</u>	—
Net Revenue from Operations (I + II)		<u>22,508.48</u>	22,576.70
II. Other Income	19	382.24	483.09
III. Total Revenue (I + II)		<u><u>22,890.72</u></u>	<u><u>23,059.79</u></u>
IV. Expenses:			
(1) Cost Of Materials Consumed	20	11,999.22	12,545.20
(2) Trade Purchases		472.34	125.84
(3) Changes in Inventories of Finished Goods, Work-in-Process and Stock in Trade	21	<u>(1,565.46)</u>	(55.70)
(4) Employees Cost	22	2,097.76	1,811.98
(5) Finance Cost	23	441.61	452.29
(6) Foreign Exchange Loss/(Gain)		361.86	(69.88)
(7) Depreciation and Amortization	10	782.64	867.10
(8) Other Expenses	24	<u>6,998.17</u>	6,369.84
Total Expenses		<u>21,588.14</u>	22,046.67
V. Profit before Exceptional and Extraordinary items and tax (III-IV)		1,302.58	1,013.12
VI. Exceptional items/Extraordinary Items		—	—
VII. PROFIT BEFORE TAX (V- VI)		1,302.58	1,013.12
VIII. Tax expense:			
(1) Current tax		118.00	329.00
(2) Deferred tax / (Savings)		58.00	(127.00)
IX. Profit/(Loss) for the Year (VII-VIII)		<u><u>1,126.58</u></u>	<u><u>811.12</u></u>
X. Earning per equity share:			
(1) Basic		2.75	1.98
(2) Diluted		2.75	1.55

(See Note No.25.16 of Note "25")

As per our report of date attached.

For **KHARE & CO.,**
Chartered Accountants

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 29th May, 2012

OTHER NOTES AS PER NOTE '25'

S. K. BANSAL
Director (Finance) &
Company Secretary

On behalf of the Board,

A. K. JATIA
Director

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '1' - SHARE CAPITAL		
AUTHORISED		
4,75,00,000 Equity Shares of ₹ 2/-each	950.00	950.00
50,000 14% (free of company's tax but subject to deduction of tax at source at the prescribed rates) Redeemable Cumulative Preference Shares of ₹ 100/- each	50.00	50.00
	<u>1,000.00</u>	<u>1,000.00</u>
ISSUED,SUBSCRIBED AND FULLY PAID UP		
4,10,00,000 Equity Shares of ₹ 2/- each	<u>820.00</u>	<u>820.00</u>

1.1 The reconciliation of the number of Equity shares outstanding :-

Particulars	AS AT 31.03.2012 No. of Shares	AS AT 31.03.2011 No. of Shares
Equity Shares at the beginning and end of the year	41,000,000	41,000,000

1.2 The details of Shareholders holding more than 5% shares

Name of the Shareholder	AS AT 31-03-012		AS AT 31-03-2011	
	No. of Shares	% held	No. of Shares	% held
Thacker & Co. Ltd.	4,301,856	10.49	4,250,729	10.37
Pudumjee Industries Limited	3,412,850	8.32	3,412,850	8.32
Suma Commercial Pvt. Ltd.	3,363,290	8.20	3,363,290	8.20
Chem-Mach Pvt. Ltd.	2,533,265	6.18	2,533,265	6.18

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '2' - RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	7,200.00	7,100.00
Add : Transfer from Profit & Loss Account	100.00	100.00
	<u>7,300.00</u>	<u>7,200.00</u>
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	1,537.50	1,537.50
CAPITAL RESERVE		
On Reissue of forfeited shares	5.86	5.86
RESERVE FOR DOUBTFUL DEBTS		
(See Note '5')	175.72	162.89
SURPLUS IN PROFIT AND LOSS ACCOUNT		
Balance in Profit & Loss Account	1,464.04	2,484.49
Add :		
Profit for the Year	1,126.58	811.12
	<u>2,590.62</u>	<u>3,295.61</u>
Less :		
Prior Period Expenses	—	629.36
Provision for Impairment in Assets	—	1,397.26
Less : Deferred Tax Saving on impairment	—	(438.00)
	<u>—</u>	<u>1,588.62</u>
AMOUNT AVAILABLE FOR APPROPRIATIONS	<u>2,590.62</u>	<u>1,706.99</u>
APPROPRIATIONS :		
Proposed Dividend on Equity		
Shares (Free of Tax)	123.00	123.00
Tax on Proposed Dividend	19.95	19.95
Transfer to General Reserve	100.00	100.00
	<u>242.95</u>	<u>242.95</u>
	<u>2,347.67</u>	<u>1,464.04</u>
	<u>11,366.75</u>	<u>10,370.29</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '3' - LONG TERM BORROWINGS		
(A) Secured Borrowings		
FROM BANKS		
TERM LOAN	1,761.11	—
(Secured by first charge on the Assets at Mahad, specifically purchased therefrom)		
(See Note (a) below)		
TERM LOAN	1,200.00	—
(Secured by first charge on the Assets at Mahad, specifically purchased therefrom)		
(See Note (b) below)		
TERM LOAN	711.00	416.00
(Secured by first charge on the Assets at Sadawaghapur, specifically purchased therefrom)		
(See Note (c) below)		
TERM LOAN	—	93.68
(Secured by other Assets) *		
(See Note (d) below)		
FROM FINANCIAL INSTITUTION		
TERM LOAN	—	—
(Secured by other Assets) *		
(See Note (e) below)		
Total (A)	<u>3,672.11</u>	<u>509.68</u>

Notes:

- Excluding ₹ 138.89 lacs (Last year ₹ Nil/-) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 18 equal Quarterly installments beginning with 04.02.2013.
- Repayable in 18 equal Quarterly installments beginning with 14.08.2013.
- Excluding ₹ 180.00 lacs (Last year ₹ Nil/-) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 20 equal Quarterly installments beginning with 21.06.2012.
- Excluding ₹ 93.68 lacs (Last year ₹ 187.53) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 15 equal Quarterly installments beginning with 24.12.2008.
- Excluding Rs. Nil (Last year ₹ 240.00 lacs) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 10 half yearly installments beginning with 01.10.2007.
- There has been no default in repayment of Loan & Payment of Interest in respect of any of aforesaid borrowings.

* Security :

First charge on all immoveable and moveable properties of the Company at its Pune Plant, both present and future subject, however, to the prior charges created and / or to be created by the Company on its (i) immoveables and moveable properties specifically secured and (ii) other movables and book debts in favour of its bankers for securing borrowings for working capital facilities. All these loans shall rank pari passu with the existing and future first charges created in favour of Financial Institutions and Banks.

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
(B) Unsecured Borrowings		
Fixed Deposits from Public/Shareholders * (See Note (a) below)	952.85	2,158.19
Deposit from Associates	110.00	110.00
Deferred Sales Tax Liability (See Note (b) below)	1,567.94	—
Total (B)	<u>2,630.79</u>	<u>2,268.19</u>
Total Long term borrowings (A)+(B)	<u><u>6,302.90</u></u>	<u><u>2,777.87</u></u>

Notes:

- (a) Excluding (i) ₹ 62.20 lacs (Last year ₹ 78.45 lacs) being deposits for 1 year shown under "Short Term Borrowings" under Note No 6, and (ii) ₹ 1771.74 lacs (Last year ₹ 706.40 lacs) shown under "Current maturities of Long Term Fixed Deposits" under Note No.8.
- (b) Excluding ₹ 6.62 lacs (Last year ₹ Nil) shown under "Current maturities of "Long Term Unsecured Debts" under Note No. 8.
- (c) There has been no default in repayment of Loan & Payment of Interest in respect of any of aforesaid borrowings.
- * Repayable after 2 years and 3 years from the date of acceptance of each Deposits.

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '4' - OTHER LONG TERM LIABILITIES		
Other Long Term Liability	1,769.40	1,200.00
Sundry Creditors	365.18	346.03
	<u>2,134.58</u>	<u>1,546.03</u>
NOTE '5' - LONG TERM PROVISIONS		
Provision for Diminution in value of Long term Investments and Impairment of Fixed Assets As per Last Balance Sheet	1,756.26	359.00
Transferred from Profit and Loss Account		
Provision for impairment	—	959.26
Deferred tax saving thereon	—	438.00
	<u>1,756.26</u>	<u>1,756.26</u>
Less : Deducted per contra		
From Investments	359.00	359.00
From Fixed Assets	1,397.26	1,397.26
	<u>1,756.26</u>	<u>1,756.26</u>
Provision for Doubtful Debts & Advances	539.74	539.74
Add : Transferred from Profit & Loss Account	—	—
	<u>539.74</u>	<u>539.74</u>
Less : Debts & Advances considered Doubtful per contra	364.02	376.85
	<u>175.72</u>	<u>162.89</u>
Less : Surplus provision shown under Reserves & Surplus	175.72	162.89
	<u>175.72</u>	<u>162.89</u>
Provision for Taxation (Less:Advance Tax etc.)	173.33	169.32
Provision for Gratuity	539.57	534.10
	<u>712.90</u>	<u>703.42</u>

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012		AS AT 31.03.2011
	₹ in Lacs		₹ in Lacs
NOTE '6' - SHORT TERM BORROWINGS			
(A) Secured Borrowings from Bank			
Cash Credit repayable on demand (Secured by hypothecation of stocks, stores and book debts and second charge on all immoveables and moveable properties of the Company at its Pune Plant)	1,293.12		431.66
Total (A)	<u>1,293.12</u>		<u>431.66</u>
(B) Unsecured Borrowings			
OTHER SHORT TERM LOANS & ADVANCES			
Fixed Deposits	62.20	78.45	
Others Deposits	59.90	51.76	130.21
Total (B)	<u>122.10</u>		<u>130.21</u>
Total short term borrowings(A) +(B)	<u><u>1,415.22</u></u>		<u><u>561.87</u></u>
Note (a) : There has been no default in repayment of Loan & Payment of Interest in respect of any of aforesaid borrowings.			
NOTE '7' - TRADE PAYABLE			
Acceptances	1,975.61	1,812.62	
Sundry Creditors	1,400.76	1,039.86	2,852.48
		<u>3,376.37</u>	<u>2,852.48</u>
NOTE '8' - OTHER CURRENT LIABILITIES			
Current Maturities of Long Term Debts:			
Fixed Deposits	1771.74	706.40	
Secured Debts	412.57	427.53	
Unsecured Debts	6.62	—	1133.93
Unclaimed dividend		15.13	13.44
Unclaimed Matured Fixed Deposits		22.27	22.54
Unclaimed Interest On Fixed Deposits		1.99	3.37
Interest on Loans accrued but not due		212.32	166.78
Creditors for Capital Goods		235.10	197.18
		<u>2,677.74</u>	<u>1,537.24</u>
NOTE '9' - SHORT TERM PROVISIONS			
Provision for Taxation (Less : Advance Tax etc.)		—	104.30
Provision for Leave Encashment		86.97	80.16
Proposed Dividend		123.00	123.00
		<u>209.97</u>	<u>307.46</u>

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)

NOTE '10' - TANGIBLE FIXED ASSETS (At Cost) (₹ in lacs)

TYPE OF ASSETS	Cost upto 31.3.2011	Additions/ Transfers during the Period	Deductions/ Transfers during the period	Balance Cost upto 31.03.2012	Depreciation / Impairment upto 31.3.2011	Depreciation / Impairment upto 31.03.2012	Depreciation on sold Assets and on deductions written back	Depreciation/ Impairment Balance as on 31.03.2011	Depreciation/ Impairment Balance as on 31.03.2012	Net Book Value as on 31.03.2012	Net Book Value as on 31.3.2011
Land - Freehold	5.89	35.00	-	40.89	-	-	-	-	40.89	40.89	5.89
- Leasehold	19.50	1,115.24	-	1,134.74	-	8.35	-	8.35	1,126.39	1,126.39	19.50
Buildings Under Lease	395.26	-	-	395.26	90.74	6.44	-	97.18	298.08	298.08	304.52
Buildings - Others	1,992.94	251.82	-	2,244.76	843.39	51.86	-	895.25	1,349.51	1,349.51	1,149.55
Machinery	21,513.20	903.87	0.33	22,416.74	14,257.21	681.68	0.01	14,938.88	7,477.86	7,477.86	7,255.99
Laboratory Equipments	24.08	-	-	24.08	14.94	1.40	-	16.34	7.74	7.74	9.14
Furniture & Fixtures	382.37	35.05	0.61	416.81	328.22	12.32	0.41	340.13	76.68	76.68	54.15
Vehicles	213.73	34.30	5.00	243.03	142.06	20.59	-	162.65	80.38	80.38	71.67
Total	24,546.97	2,375.28	5.94	26,916.31	15,676.56	782.64	0.42	16,458.78	10,457.53	10,457.53	8,870.41
Previous year	24,516.06	704.65	673.74	24,546.97	13,453.41	867.10	41.21	14,279.30	8,870.41	8,870.41	11,062.65

Note : Provision for impairment of Assets made during the current year ₹ Nil/- (Last Year ₹ 1397.26 Lacs)

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '11' - NON CURRENT INVESTMENTS		
LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS :		
Investment in Subsidiary Companies :		
1,990,000 Equity Shares of Pudumjee Investment & Finance Company Ltd. Of ₹ 10/-each fully paid. (unquoted)	199.00	199.00
3,000,000 12% Non Cumulative Redeemable Preference shares of Pudumjee Investment & Finance Company Ltd. of ₹ 10/- each fully paid (unquoted)	300.00	300.00
Investments In Associates:		
675,000 Equity shares of Pudumjee Plant Laboratories Ltd. of ₹ 10/- each fully paid (unquoted)	60.00	60.00
9,56,725 (Last year 3,66,725) Equity shares of Pudumjee Industries Ltd. of ₹ 2/- each. fully paid (quoted)	110.06	7.66
Investment In Joint Venture:		
Investment in Pudumjee-G:Corp Developers, a Firm	35.00	35.00
Other Investment :		
2,500 Shares of Saraswat Co-op Bank Ltd. of ₹ 10/- each fully paid (unquoted)	0.25	0.25
	<u>704.31</u>	<u>601.91</u>
Less: Provision for Diminution in value of Long term Investments deducted per contra	359.00	359.00
	<u>345.31</u>	<u>242.91</u>
Aggregate amount of quoted investments	<u>110.06</u>	7.66
Cost	110.06	66.38
Market Value	154.06	66.38
Aggregate amount of unquoted investments	594.25	594.25
Cost	594.25	594.25
NOTE '12' - LONG TERM LOANS & ADVANCES		
(Unsecured, Considered good unless otherwise stated)		
Prepaid Expenses	2.59	6.25
Security Deposits	44.84	32.22
Loans & Advances to Subsidiary/Associates	4,406.48	3,707.29
Others Advances	308.08	35.32
Less : Provision for Doubtful Advances deducted per contra	34.22	34.11
	<u>273.86</u>	1.21
	<u>4,727.77</u>	<u>3,746.97</u>
NOTE '13' - CURRENT INVESTMENTS		
CURRENT INVESTMENTS IN MUTUAL FUNDS (unquoted) (LOWER OF COST OR FAIR VALUE)		
Nil (Last Year 4,090,622) Units of SBI Ultra Short Term Fund. of ₹ 10/- each fully paid	—	401.21
Nil (Last Year 1,194,255) Units of SBI Magnum Insta Cash Fund. of ₹ 10/- each fully paid	—	200.04
Nil (Last Year 985,825) Units of Reliance Liquid Fund. of ₹ 10/- each fully paid	—	150.71
	—	751.96
Aggregate amount of unquoted investments	<u>—</u>	<u>751.96</u>
Cost	—	751.96

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '14' - INVENTORIES		
Raw material (At cost)	1,613.73	1,309.28
Raw material in Transit (At Cost)	571.67	15.19
Work-in-process (At cost)	687.11	356.33
Finished Paper (At lower of cost or market value.)	2,031.18	778.83
Finished Paper in Transit (At lower of cost or market value.)	—	17.67
Stores, Spare Parts Etc.(At Cost)	1,068.26	803.39
Loose Tools (At Cost)	1.35	1.45
	<u>5,973.30</u>	<u>3,282.14</u>
NOTE '15' - TRADE RECEIVABLES (Unsecured)		
Debts outstanding for a period exceeding six months from due date		
Considered Good	205.37	37.92
Considered Doubtful	324.80	324.46
	<u>530.17</u>	<u>362.38</u>
Other Debts		
Considered Good	1,819.20	3,085.87
	<u>2,349.37</u>	<u>3,448.25</u>
Less : Provision for Doubtful Debts deducted per contra	324.80	324.46
	<u>2,024.57</u>	<u>3,123.79</u>
	<u>2,024.57</u>	<u>3,123.79</u>
NOTE '16' - CASH & BANK BALANCES		
Cash on hand as per books	9.75	7.94
Deposit with Bank for Margin Money (with maturity beyond 12 months)	9.00	9.00
On other Deposit account with Bank	7.00	3.00
On other accounts with Banks	45.31	119.14
Cheques on hand	35.75	57.22
Unpaid Dividends account with Banks	15.14	13.44
	<u>121.95</u>	<u>209.74</u>
NOTE '17' - SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good)		
Prepaid Expenses	62.64	39.10
Security Deposits	1.94	0.72
Inter Corporate Deposits	—	375.61
Capital Advances	193.80	1,092.95
Advance Income Tax for Current year (Less Provision for Current year Tax)	99.00	—
Advances to employees of the Company	14.00	16.17
Advances recoverable in cash or in kind		
Considered good	692.51	639.66
Considered doubtful	5.00	18.28
	<u>697.51</u>	<u>657.94</u>
Less : Provision for Doubtful Advances deducted per contra	5.00	18.28
	<u>692.51</u>	<u>639.66</u>
	<u>1,063.89</u>	<u>2,164.21</u>

**NOTES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Year Ended 31.03.2012		Year Ended 31.03.2011
	₹ in Lacs		₹ in Lacs
NOTE '18' - REVENUE FROM OPERATIONS			
PAPER	20,918.35		22,184.99
Less : Excise Duty	1,059.36	19,858.99	21,393.95
TRADE SALE		489.24	126.44
MISCELLANEOUS SALES	68.33		98.90
Less : Excise Duty	0.34	67.99	98.51
PROCESSING AND OTHER CHARGES		1,320.02	930.12
OTHER OPERATING REVENUE		81.64	27.68
		<u>21,817.88</u>	<u>22,576.70</u>
NOTE '19' - OTHER INCOME			
DIVIDENDS			
Others		26.93	47.06
MISCELLANEOUS INCOME		27.63	14.85
INTEREST RECEIVED FROM OTHERS		327.68	419.11
PROFIT ON SALE/TRANSFER OF FIXED ASSETS (NET)		—	2.07
		<u>382.24</u>	<u>483.09</u>
NOTE '20' - COST OF MATERIAL CONSUMED			
CONSUMPTION OF RAW MATERIALS		10,337.83	10,496.15
CONSUMPTION OF STORES, COLOURS,CHEMICALS etc.		1,661.39	2,049.05
		<u>11,999.22</u>	<u>12,545.20</u>
NOTE '21' - CHANGE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROCESS AND STOCK-IN-TRADE			
STOCK AT COMMENCEMENT			
Finished Paper	796.50		840.52
Work-in-Process			
- Pulp	30.23		9.74
- Paper	326.10	1,152.83	246.87
STOCK AT CLOSE			
Finished Paper	2,031.18		796.50
Work-in-Process			
- Pulp	12.85		30.23
- Paper	674.26	2,718.29	326.10
		<u>(1,565.46)</u>	<u>(55.70)</u>
NOTE '22' - EMPLOYEES' COST			
SALARIES,WAGES,BONUS etc.			
Salaries,Wages,gratuity & Bonus		1,799.31	1,557.71
Contribution to Provident & Other Funds(Including Administrative Charges)		173.20	152.51
Employees State Insurance		6.05	5.83
Workmen & Staff Welfare Expenses		119.20	95.93
		<u>2,097.76</u>	<u>1,811.98</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

	Year Ended 31.03.2012		Year Ended 31.03.2011
	₹ in Lacs		₹ in Lacs
NOTE '23' - INTEREST & FINANCIAL COST			
INTEREST ON BORROWINGS	502.63		490.74
OTHER FINANCIAL CHARGES	107.51		112.40
	610.14		603.14
LESS: INTEREST RECEIVED ON TRADE DEBTS	168.53		150.85
	441.61		452.29
NOTE '24' - OTHER EXPENSES			
FUEL, POWER & WATER	4961.97		4757.65
RENT	5.24		5.15
RATES & TAXES	45.66		65.40
REPAIRS & MAINTENANCE			
Machinery	655.68	477.46	
Buildings	56.07	43.77	
Others	8.74	11.18	532.41
INSURANCE	14.33		14.58
PACKING,CARTAGE,CUTTING, BALING,FREIGHT ETC.	384.76		391.39
DEVELOPMENT & RESEARCH EXPENSES	96.90		80.81
COMMISSION ON SALES	216.95		133.81
BAD DEBTS & ADVANCES WRITTEN OFF	82.76		8.08
DIRECTORS' FEES	1.73		1.49
EXCISE DUTY ON STOCK	91.31		13.43
LOSS ON SALE/TRANSFER OF ASSETS (NET)	4.75		—
OFFICE & MISCELLANEOUS EXPENSES	371.32		365.64
	6,998.17		6,369.84

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT
AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

31ST MARCH, 2012

NOTE '25'

	<u>2011-2012</u>		<u>2010-2011</u>
	₹ in Lacs		₹ in Lacs
25.01 The value of raw materials consumed			
Pulp	9,968.26		8,739.91
Waste Paper	369.57		1,756.25
25.02 Trade Purchases			
Pulp	165.89		101.72
Others	282.22		24.12
25.03 Value of direct imports calculated on CIF basis during the financial year			
Raw Material	8339.24		6007.80
Components & Spare Parts	254.97		160.76
Capital Goods	945.99		—
Goods for resale	370.28		86.91
25.04 Expenditure in foreign currency during the financial year on account of			
Royalty, know-how, interest, professional consultation, travelling, subscription and periodicals etc.	101.30		6.40
25.05 Value of raw materials, spare parts and component consumed during the financial year and the percentage thereof			
	<u>2011-12</u>		<u>2010-2011</u>
	Value	%	Value
	₹ in Lacs		₹ in Lacs
Direct Imports	8,864.45	85.75	6,913.12
Others	1,473.38	14.25	3,583.04
Total:	<u>10,337.83</u>	100.00	<u>10,496.16</u>
Spare Parts & Components:			
Direct Imports	225.54	10.34	276.21
Others	1,956.70	89.66	2,069.15
Total:	<u>2,182.24</u>	100.00	<u>2,345.36</u>
	<u>2011-2012</u>		<u>2010-2011</u>
	₹ in Lacs		₹ in Lacs
25.06 Remittance In Foreign Currency On Account Of Dividend			
The amount of dividend for the year 2010-2011 remitted in rupees into NRE Account of 219 (Last year 231) NRI shareholders holding 49,33,293 shares of ₹ 2/-each (Last year 48,73,360 of ₹ 2/-each) Equity shares	14.80		14.62
25.07 Export of goods calculated on FOB basis			
Export of goods calculated on FOB basis (Earning in foreign Exchange)	255.52		44.55
Deemed Exports.	177.47		1,917.15
	<u>432.99</u>		<u>1,961.70</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

25.08 Salary, Wages, gratuity and bonus (Schedule 'K') does not include a sum of ₹109.14 lacs (Last year ₹ 90.41 lacs) transferred to other accounts.

25.09 a) The company has acquired leasehold land, building and board manufacturing machine at Mahad Dist. Raigad, where a Paper machine is also being installed. The leasehold land, colony and buildings are shown under Tangible Fixed Assets schedule (Note No.10) and is appropriately amortized and depreciated for the year and Factory Building, Machinery and all other assets together with related expenditure have been shown under Capital work-in-progress.

b) The wind power plant of a capacity of 2.1 MW, included under capital work-in-progress is under installation and is expected to commence operation in the next financial year.

c) Borrowing cost comprising interest etc. of ₹155.24 lacs (Last year ₹1.13 Lacs) and the expenses of ₹ 62.73 lacs (Last year ₹194.87 lacs) relating to the aforesaid projects have been capitalized.

25.10 Payments made to Auditors:

	<u>2011-2012</u> ₹ in Lacs	<u>2010-2011</u> ₹ in Lacs
Audit fees	1.75	1.75
Taxation matters	0.60	0.60
Others	1.65	1.65
	<u>4.00</u>	<u>4.00</u>

25.11 To the best of knowledge of the company, none of the creditors are 'Small enterprise' within its meaning under clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 & therefore principal amount, interest paid/payable or accrued is NIL.

25.12 Land admeasuring about 3000 Sq.Meters has been acquired by Municipal Corporation for road widening purpose in the earlier years. The Company is entitled to TDR with an out side chance of cash compensation, which is yet to be determined and as such this will be included when finally decided since the relevant documentation is yet to be finalised and executed.

25.13 Details of significant lease

The company has entered into lease agreement in terms of which it has given buildings on rent on the usual terms and conditions and such payments received for the year have been recognized in the Profit & Loss Account under other income.

25.14 a) Contingent Liabilities not provided for in respect of:

	<u>AS AT</u> <u>31.03.2012</u> ₹ in Lacs	<u>AS AT</u> <u>31.03.2011</u> ₹ in Lacs
i) Bank Guarantees and Letters of Credit in favour of suppliers of raw materials, spares etc.*	1,976.85	2,192.20
ii) Guarantee for other Companies *	736.67	364.56
iii) Claims against the Company not acknowledged as debts for excise duty, property tax and commercial claims etc. **	725.77	642.30

* Will not affect the future Profitability.

** May affect the future profitability to the extent indicated, if such liabilities crystallise.

b) Commitments not provided for in respect of:

i) Estimate of contracts remaining to be executed on capital account	768.86	2724.08
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NOTE '25' - (Contd.)

25.15 Following significant accounting policies have been adopted in preparation and presentation of the financial statements:

- a) Fixed Assets are valued at cost.
- b) Borrowing costs comprising interest etc. relating to projects are capitalised up to the date of its completion and other borrowing costs are charged to Profit & Loss Account in the year of their accrual.
- c) Depreciation on Machinery & Building has been provided on Straight Line Method and that on the other Assets on Written Down Value method in accordance with Schedule XIV of the Companies Act, 1956 as in force as on the date of Balance Sheet. Lease hold land is depreciated based on period of residual lease.
- d) Finished paper stock is valued at lower of cost or market value. All other inventories are valued at lower of cost on First In First Out Method or realisable value.
- e) Investments are classified into current and long term investments. Current investments are stated at lower of cost or fair value. Long term investments are stated at cost, less provision for permanent diminution in value, if any.
- f) (i) Contributions to defined contribution schemes, namely, Provident Fund and Superannuation Fund is made at a pre-determined rates and are charged to the Profit & Loss Account.
(ii) Contributions to the defined benefit scheme, namely, Gratuity Fund & provision for the remaining Gratuity and for Leave encashment are made on the basis of actuarial valuations made in accordance with the revised Accounting Standard (AS) 15 at the end of each Financial Year and are charged to the Profit & Loss Account of the year.
(iii) Actuarial gains & losses are recognized immediately in the Profit & Loss Account.
- g) Foreign Exchange Transactions are recorded at the then prevailing rate. Closing balances of Assets & Liabilities relating to foreign currency transactions are converted into rupees at the rates prevailing on the date of the Balance Sheet.
The difference for transactions are dealt with in the Profit & Loss Account.
- h) Revenue recognition is postponed to a later year only when it is not possible to estimate it with reasonable accuracy.
- i) Factors giving rise to any indication of any impairment of the carrying amount of the company's assets are appraised at each balance sheet date to determine and provide /revert an impairment loss following accounting standard AS 28 for impairment of assets.

25.16 Computation of basic and diluted Earning Per Share (EPS)

	AS AT 31.03.2012	AS AT 31.03.2011
Basic EPS:		
(a) Net Profit after tax as per Profit & Loss Account :	₹ 1,126.58 lacs	₹ 811.12 lacs
(b) No. of Equity shares of ₹ 2/- each :	410.00 lacs	410.00 lacs
(c) Basic EPS		
After current and deferred Tax (a/ b)	₹ 2.75	₹ 1.98
Diluted EPS:		
(d) Value of Originally sanctioned Loan with right of conversion in case of default in repayment obligations*	-	₹ 1,200.00 lacs
(e) Maximum conversion at 20% in case of default in repayment obligations*	-	₹ 240.00 lacs
(f) Number of Equity Shares of ₹ 2/- each on such notional conversion at the beginning of the year	-	120.00 lacs
(g) Total number of Equity Shares both existing and notionally converted (b+f)	410.00 lacs	530.00 lacs

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

25.16 Computation of basic and diluted Earning Per Share (EPS) (Contd.)

	<u>AS AT</u> <u>31.03.2012</u>	<u>AS AT</u> <u>31.03.2011</u>
(h) Net Profit After Tax as per Profit & Loss Account		
After current and deferred Tax	₹ 1,126.58 lacs	₹ 811.12 lacs
Add : Hypothetical saving in Interest for the period on notional conversion	-	₹ 19.20 lacs
Less : Income Tax thereon	-	₹ 6.38 lacs
Total of (h)		
After current and deferred Tax	₹ 1,126.58 lacs	₹ 823.94 lacs
(i) Diluted Earning Per Share		
(ii) After current and deferred Tax (h / g)	₹ 2.75	₹ 1.55

* There has been no default in repayment obligations during the year and the balance of such loan as at 31.03.2012 was ₹ Nil lacs (Last year ₹ 240 lacs)

25.17 (a) The Deferred Tax Liabilities / (Deferred Tax Assets) into major components are as under :

	<u>AS AT</u> <u>31.03.2012</u> ₹ in Lacs	<u>AS AT</u> <u>31.03.2011</u> ₹ in Lacs
In respect of Depreciation	2,042	1,910
In respect of allowances and disallowances under various provisions of Income Tax Act.	(410)	(336)
Net Deferred Tax Liability	<u>1,632</u>	<u>1,574</u>

(b) The Deferred Tax Asset in respect of carry forward of losses and tax credit has been worked out on the basis of assessment orders, returns of income filed for subsequent assessment years and estimate of the taxable income for the year ending 31st March ,2012.

25.18 Related party disclosures (Accounting Standard 18) :

A) Subsidiary Company

a) Pudumjee Investment & finance co.Ltd.

B) Associate Firms / Companies

- a) M/s. Pudumjee-G : Corp Developers
- b) M/s.Prime Developers.
- c) Pudumjee Industries Limited.
- d) Pudumjee Plant Laboratories Limited.
- e) Pudumjee Hygine Products Limited.
- f) Pudumjee Holdings Limited.

C) Key Management personnel

Shri.M.P.Jatia (Expired on 25-05-2012)
Chairman & Managing Director

Shri.V.P.Leekha
Chief Executive Officer

Shri.S.K.Bansal
Wholetime Director

NOTE '25' - (Contd.)

D) Transactions with related Parties	2011-12 (2010-2011) ₹ in Lacs		Maximum during the year	Key Management Personnel
	Subsidiary Company	Associate Companies		
a) Interest bearing Inter Corporate Deposits lent during the year	924.40 (53.99)	5175.00	(2225.00)	
b) Interest charged during the year	65.33 (36.43)	218.43 (284.51)		
c) Inter Corporate Deposits /Advances etc. outstanding receivable as at 31 st March, 2012 including interest Pudumjee- G : Corp Developers		127.00 (127.00)	127.00 (127.00)	
Pudumjee Investments and Finance Company Limited	592.89 (585.23)		1488.37 (585.23)	
Pudumjee Industries Limited		3,686.59 (2,995.06)	4317.00 (5027.25)	
d) Sale / Processing charges of goods during the year	-	1,646.12 (913.58)		
e) Purchases made during the year	-	1,559.02 (2,235.71)		
f) Reimbursement of common services and utilities during the year.	-	88.76 (317.94)		
g) Remuneration	-	-	-	145.45 (166.04)
h) Guarantees outstanding as at 31 st March, 2012	-	736.67 (364.56)		
i) Debts outstanding as at 31 st March, 2012 Includes material given on loan ₹ Nil. (Last year ₹ Nil lacs)	-	216.08 (90.77)	405.15 (405.15)	
j) Amount payable as at 31 st March 2012 includes Material Received on Loan ₹ Nil. (Last year ₹ Nil lacs)		1,769.40 (1,200.00)		
k) Deposits (Unsecured loans) outstanding during the year	-	110.00 (110.00)		
l) Share of Profit from firm	-	690.60 (-)		

Note : The figures in bracket relate to earlier year.

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

25.19 SEGMENT REPORTING (Accounting standard 17)					<u>2011-2012</u> (2010-2011)
	₹ in Lacs				
Information about business segments.	Paper - Unit		Real Estate	Power	TOTAL
	Mahad	Pune		Generation	
SEGMENT REVENUE					
From External Customers	—	21,518.80	690.60	299.08	22,508.48
	—	(22,570.06)	—	(6.64)	(22,576.70)
From Inter Segments	—	299.08	—	(299.08)	—
	—	(6.64)	—	6.64	—
Total Revenue	—	21,817.88	690.60	—	22,508.48
	—	(22,576.70)	—	—	(22,576.70)
SEGMENT RESULTS	(11.39)	678.02	690.60	90.13	1,447.36
	—	(1,235.05)	—	134.83	(1,100.22)
Unallocated corporate expenses					147.18
					(167.53)
Operating Profit					1,300.18
					(932.69)
Interest Expenses					520.74
					(502.10)
Interest Income					496.21
					(569.96)
Dividend Income					26.93
					(12.57)
Income in respect of Investments					—
					—
Income Taxes including Deferred Tax					176.00
					(202.00)
Profit from ordinary activities					1,126.58
					(811.12)
Extra Ordinary Income					—
					(-)
Net Profit as per Profit & Loss Account					1,126.58
					(811.12)
OTHER INFORMATION					
Total carrying amount of Segment Assets	6,560.69	16,159.20	127.00	3,077.75	25,924.64
	(1,235.87)	(15,338.76)	(127.00)	(1,398.26)	(18,099.89)
Add: Unallocated Corporate Assets					4,624.79
					(4,950.77)
Total Assets as per Balance Sheet					30,549.43
					(23,050.66)
Total carrying amount of Segment Liabilities	5.53	4,476.52			
	(1.34)	(4,201.85)	(1,310.00)	—	(5,513.19)
Add: Unallocated Corporate Liabilities					23,949.37
					(17,537.47)
Total Liabilities as per Balance Sheet					30,549.43
					(23,050.66)
Capital Expenditure incurred during the year	6,082.42	273.74	—	1,294.70	7,650.86
	(168.07)	(522.87)	—	(652.84)	(1,343.78)
Depreciation for the Year	11.39	617.46	—	153.79	782.64
	—	(774.05)	—	(93.05)	(867.10)
Other Non Cash Expenditure	—	—	—	—	—
	(-)	(-)	(-)	(-)	(-)

NOTE '25' - (Contd.)

				2011-2012 (2010-2011) ₹ in Lacs
Sales Revenue by Geographical Segments				
WITHIN INDIA	—	21,263.28	690.60	299.08
	—	(22,525.51)	—	(6.64)
OUTSIDE INDIA	—	255.52	—	—
	—	(44.55)	—	(44.55)
	—	<u>21,518.80</u>	<u>690.60</u>	<u>299.08</u>
	—	<u>(22,570.06)</u>	—	<u>(6.64)</u>
				<u>22,508.48</u>
				<u>(22,576.70)</u>

- i) The Paper segment relates to manufacture and marketing of Paper, processing activity.
 ii) The Real Estate Activity relates to profit from firm, engaged in Construction Activity.
 iii) Power Generation Activity relates to Generation of Power from D.G.Set and Wind Power Turbine.
 iv) The figures in brackets relate to earlier year.

25.20 The details of the firm 'Pudumjee-G : Corp Developers' in which the company is partner and joint venture, are as under:

(a)	Pudumjee Pulp and Paper Mills Limited	G-Corp Properties Private Limited.
Capital - ₹ in Lacs	35	35
Profit /Loss - Sharing ratio	60%	40%

- (b) The Firm is engaged in construction and sale of residential flats. It follows completed construction method for the accounting purpose and in view of its first building comprising of 94 flats having been completed during this financial year, the Profit & Loss Account of the Company includes its share of profit from the firm as ₹ 690.60 lacs (Last year Nil)

- (c) The company's share of interest in the joint venture Firm:

(₹ in Lacs)		
	As on 31.03.12	As on 31.03.11
Liabilities	5309.07	4103.19
Assets	3804.06	3097.60
Income	2369.04	—
Expenditure	1678.44	—

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

25.21 The following are the disclosures required under revised Accounting Standards (AS) 15 in respect of Employee Benefits :

- a) An amount of ₹ 127.11 lacs (Last year ₹ 115.07 lacs) has been recognized as an expenses for defined contribution plans by way of Company's contribution to Provident Funds & Super annuation Fund.
- b) The defined benefits plans comprise of Gratuity Plan and Leave Encashment Plan. The Gratuity Plan is partly funded with Life Insurance Corporation of India under its Cash Accumulation Plan.
- c) Expenses recognized during the year and reconciliation of the Assets & Liabilities recognized in Balance Sheet as at 31.03.2012 :

	Gratuity (Partly funded) (₹ in Lacs)		Leave Encashment (Unfunded) (₹ in Lacs)	
	2011-2012	2010-2011	2011-2012	2010-2011
l) The present value of defined benefit obligations at the commencement of the Year	868.29	818.94	80.16	75.05
ii) Current Service cost	38.34	37.91	14.45	6.56
iii) Interest cost	71.63	67.56	6.61	6.19
iv) Actuarial (Gain)/Loss	(19.12)	8.06	10.37	(2.51)
v) Benefits (Paid)	(88.51)	(64.18)	(24.63)	(5.13)
vi) Past Service Cost	—	—	—	—
vii) The present value of defined benefit obligations at the close of the Year	870.63	868.29	86.96	80.16
viii) The fair value of plan assets at the close of the year	331.07	334.18	—	—
ix) The Past service cost not yet recognized	—	—	—	—
x) Expected return on plan assets	(28.40)	(28.24)	—	—

Expenses aggregating ₹ 69.25 lacs (Last year ₹ 90.40 lacs) covered under items (ii),(iii),(iv),(vi) and (x) above have been debited to the Profit & Loss Account.

d) Actuarial assumptions	2011-2012	2010-2011	2011-2012	2010-2011
l) Rate of interest (per annum)	8.50%	8.25%	8.50%	8.25%
ii) Salary growth (per annum)	6.00%	5.50%	6.00%	5.50%
iii) Withdrawal rate (Per annum)	1.00%	1.00%	1.00%	1.00%
iv) Expected return on Plan Assets	9.25%	9.25%	—	—
v) Mortality rates [LIC(1994.96) ultimate]	—	—	—	—

25.22 The items and figures for the previous year have been recast and regrouped wherever necessary to conform to this year's presentation.

<p>As per our report of date attached.</p> <p>For KHARE & CO., Chartered Accountants</p> <p>Y. P. SHUKLA Proprietor</p> <p>Mumbai, Dated : 29th May, 2012</p>	<p>SIGNATURE OF NOTES '1' TO '25'</p> <p>S. K. BANSAL Director (Finance) & Company Secretary</p>	<p>On behalf of the Board,</p> <p>A. K. JATIA Director</p> <p>B. C. DALAL Director</p> <p>Mumbai, Dated : 29th May, 2012</p>
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ANNUAL REPORT 2011-2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Pursuant to clause 32 of the listing agreements with Stock Exchanges)

	<u>2011-2012</u>	<u>2010-2011</u>
	₹ in Lakhs)	₹ in Lakhs)
A Cash Flow from Operating Activities		
Net profit before Taxation & Extraordinary Items	1,302.58	1,013.12
Adjustments for :		
Depreciation	782.64	867.10
Interest & Financial charges	441.61	452.29
Loss on sale of Fixed Assets	4.75	—
Other income	(354.61)	(433.73)
	<u>874.39</u>	<u>885.66</u>
Operating profit before Working Capital Changes	2,176.97	1,898.78
(Increase)/Decrease in Inventories	(2,691.16)	(116.84)
(Increase)/Decrease in Debtors	1,098.88	(98.12)
(Increase)/Decrease in Advances	556.50	(1,114.66)
Increase/(Decrease) in Liabilities	594.93	502.19
	<u>(440.85)</u>	<u>(827.43)</u>
Cash Generated from Operations	1,736.12	1,071.35
Income Tax (paid)/Refund Received (Net)	(276.30)	(161.89)
Net cash from Operating Activities	<u>1,459.82</u>	<u>909.46</u>
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(7,495.62)	(1,342.65)
Sale Proceeds of Fixed Assets etc.	0.77	5.24
Investment in Mutual Funds etc.	649.56	248.12
Change in Loans & Advances	(323.58)	1,454.97
Interest Received	434.03	510.79
Dividend Received	26.93	12.57
	<u>(6,707.91)</u>	<u>889.04</u>
Net cash from / (used) in Investing Activities		
C Cash flow from Financing Activities		
Proceeds from Borrowings	7,233.92	2,604.47
Repayment of Borrowings	(1,230.78)	(3,727.44)
Payment of Interest	(719.84)	(533.00)
Dividend paid	(123.00)	(123.00)
	<u>5,160.30</u>	<u>(1,778.97)</u>
Net cash from / (used) in Financing Activities		
Net change in Cash & Cash Equivalents (A+B+C)	(87.79)	19.53
Cash & Cash Equivalents (Opening Balance)	209.74	190.21
Cash & Cash Equivalents (Closing Balance)	<u>121.95</u>	<u>209.74</u>

Note : Figures in brackets represent cash outflows.

SIGNATURE OF NOTES '1' TO '25'

As per our report of date attached.

For **KHARE & CO.**,
Chartered Accountants

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 29th May, 2012

S. K. BANSAL
Director (Finance) &
Company Secretary

On behalf of the Board,

A. K. JATIA
Director

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

PUDUMJEE PULP & PAPER MILLS LIMITED

STATEMENT PURSUANT TO SECTION 212(I)(e) OF THE COMPANIES ACT, 1956

1. The Company held 100% of the paid up Equity capital of ₹ 199 Lakhs and Preference Capital of ₹ 300 Lakhs in Pudumjee Investment & Finance Company Limited, (PIFCO), a subsidiary of this Company as on 31st March, 2012 which is the financial year end of both the Companies.
2. No part of the net loss of ₹ 8.56 Lakhs for the current financial year ended 31st March, 2012 and no part of net loss of ₹ 386.46 Lakhs for the previous financial years of PIFCO, since it became a subsidiary of this Company, have been dealt with in the Company's accounts for the year ended 31st March, 2012.

On Behalf of the Board

A.K. Jatia
Director

B.C. Dalal
Director.

S.K. BANSAL
Director (Finance) &
Company Secretary

MUMBAI

Dated : 29th May, 2012

Note:

Subsidiary Accounts:

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 of the Company and of the subsidiary company during office hours.

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

**The Board of Directors,
Pudumjee Pulp & Paper Mills Ltd.,
Thergaon, Pune 411 033.**

We have audited the attached Consolidated Balance Sheet of **PUDUMJEE PULP & PAPER MILLS LIMITED** ("the Company") and its subsidiary as at 31st March, 2012, and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and read together with Accounting Standard (AS) 23, Accounting for Investments in Associates in consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March, 2012; and
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year ended on that date.

For KHARE & CO.,
Chartered Accountants,
(FRN 105100W)

Y.P. Shukla
PROPRIETOR.
Membership No. 16203

Place : Mumbai,
Dated 29th May, 2012.

PUDUMJEE PULP & PAPER MILLS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	AS AT 31.03.2012 ₹ in lacs	AS AT 31.03.2011 ₹ in lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	820.00	820.00
(b) Reserves and Surplus	2	11,814.10	10,700.96
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	6,722.90	2,777.87
(b) Deferred tax liabilities (Net)		1,632.00	1,574.00
(c) Other Long-term Liabilities	4	365.18	346.03
(d) Long term provisions	5	712.90	703.42
(3) Current Liabilities			
(a) Short-term borrowings	6	1,415.22	683.58
(b) Trade payables	7	3,694.97	2,972.20
(c) Other current liabilities	8	7,325.49	5,402.47
(d) Short-term provisions	9	209.97	308.42
Total		34,712.73	26,288.95
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	10,541.96	8,958.47
(ii) Capital work-in-progress		5,934.11	658.53
(b) Non-current investments	11	1,194.06	966.95
(c) Long term loans and advances	12	4,010.41	3,035.06
(2) Current assets			
(a) Current investments	13	0.75	1,147.47
(b) Inventories	14	9,379.84	5,376.27
(c) Trade receivables	15	2,254.87	3,123.91
(d) Cash and Bank Balances	16	284.76	815.10
(e) Short term loans & Advances	17	1,111.97	2,207.19
Total		34,712.73	26,288.95

As per our report of date attached.

For **KHARE & CO.**,
Chartered Accountants

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 29th May, 2012

OTHER NOTES AS PER NOTE '25'

S. K. BANSAL
Director (Finance) &
Company Secretary

On behalf of the Board,

A. K. JATIA
Director

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2012**

	Note No.	2011-2012 ₹ in lacs	2010-2011 ₹ in lacs
I. Revenue from operations	18	26,469.46	23,406.58
Less : Excise Duty		1,059.70	791.43
Net Revenue from Operations		25,409.76	22,615.15
II. Other Income	19	412.62	456.54
III. Total Revenue (I + II)		25,822.38	23,071.69
IV. Expenses:			
(1) Cost Of Materials Consumed	20	12,969.81	12,545.20
(2) Trade Purchases		1,731.77	169.11
(3) Changes in Inventories of Finished Goods, Work-in-Process and Stock in Trade	21	(1,612.55)	(52.96)
(4) Employees Cost	22	2,118.36	1,813.49
(5) Finance Cost	23	468.76	452.30
(6) Foreign Exchange Loss/(Gain)		361.86	(69.88)
(7) Depreciation and Amortization	10	795.05	867.10
(8) Other Expenses	24	7,387.66	6,408.93
Total Expenses		24,220.72	22,133.29
V. PROFIT BEFORE TAX (III- IV)		1,601.66	938.40
VI. Tax expense:			
(1) Current tax		431.74	329.00
(2) Deferred tax / (Savings)		58.00	(127.00)
VII. Profit/(Loss) for the Year (V-VI)		1,111.92	736.40
VIII. Earning per equity share:			
(1) Basic		2.71	1.80
(2) Diluted		2.71	1.41
(See Note No.25.09)			

As per our report of date attached.

For **KHARE & CO.,**
Chartered Accountants

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 29th May, 2012

OTHER NOTES AS PER NOTE '25'

S. K. BANSAL
Director (Finance) &
Company Secretary

On behalf of the Board,

A. K. JATIA
Director

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012**

	<u>AS AT</u> <u>31.03.2012</u> ₹ in Lacs	<u>AS AT</u> <u>31.03.2011</u> ₹ in Lacs
NOTE '1' - SHARE CAPITAL		
AUTHORISED		
4,75,00,000 Equity Shares of ₹ 2/-each	950.00	950.00
50,000 14% (free of company's tax but subject to deduction of tax at source at the prescribed rates) Redeemable Cumulative Preference Shares of ₹ 100/- each	50.00	50.00
	<u>1,000.00</u>	<u>1,000.00</u>
ISSUED,SUBSCRIBED AND FULLY PAID UP		
4,10,00,000 Equity Shares of ₹ 2/- each	<u>820.00</u>	<u>820.00</u>
1.1 The reconciliation of the number of Equity shares outstanding :-		
Equity Shares at the beginning and end of the year	<u>41,000,000</u>	<u>41,000,000</u>

1.2 The details of Shareholders holding more than 5% shares

Name of the Shareholder	<u>AS AT</u> <u>31-03-012</u>		<u>AS AT</u> <u>31-03-2011</u>	
	No. of Shares	% held	No. of Shares	% held
Thacker & Co. Ltd.	4,301,856	10.49	4,250,729	10.37
Pudumjee Industries Limited	3,412,850	8.32	3,412,850	8.32
Suma Commercial Pvt. Ltd.	3,363,290	8.20	3,363,290	8.20
Chem-Mach Pvt. Ltd.	2,533,265	6.18	2,533,265	6.18

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

		AS AT 31.03.2012		AS AT 31.03.2011
		₹ in Lacs		₹ in Lacs
NOTE '2' - RESERVES & SURPLUS				
GENERAL RESERVE				
As per last Balance Sheet	6,958.39		6,858.39	
Add : Transfer from Profit & Loss Account	<u>100.00</u>	7,058.39	<u>100.00</u>	6,958.39
SHARE PREMIUM ACCOUNT				
As per last Balance Sheet		1,537.50		1,537.50
CAPITAL RESERVE I				
On Reissue of forfeited shares		5.86		5.86
CAPITAL RESERVE II (On Consolidation of Subsidiary Companies)				
As per last Balance Sheet		297.83		297.83
CAPITAL RESERVE III (On Consolidation of Associate Companies)				
On Valuation of Investments	517.71		424.35	
Add / (Less) Transfer from P & L Account	<u>(6.10)</u>	511.61	<u>(37.45)</u>	386.90
CAPITAL RESERVE IV (On Consolidation of Joint Venture)				
Add / (Less) Transfer from P & L Account		32.40		32.40
RESERVE FOR DOUBTFUL DEBTS (See Note '5')		175.72		162.89
SURPLUS IN PROFIT AND LOSS ACCOUNT				
Balance in Profit & Loss Account		1,319.19		2,368.37
Provision for income Tax for earlier year written Back		0.53		8.54
Add :				
Profit for the Year		<u>1,111.92</u>		736.40
		2,431.64		3,113.31
Less :				
Prior Period Expenses	—		629.36	
Provision for Impairment in Assets	—		1,397.26	
Less : Deferred Tax Saving on impairment	—		(438.00)	1,588.62
AMOUNT AVAILABLE FOR APPROPRIATIONS		2,431.64		1,524.69
APPROPRIATIONS :				
Proposed Dividend on Equity				
Shares (Free of Tax)	123.00		123.00	
Tax on Proposed Dividend	19.95		19.95	
Transfer to Capital Reserves	(6.10)		(37.45)	
Transfer to General Reserve	<u>100.00</u>		<u>100.00</u>	205.50
		2,194.79		1,319.19
		<u>11,814.10</u>		<u>10,700.96</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '3' - LONG TERM BORROWINGS		
(A) Secured Borrowings		
FROM BANKS		
TERM LOAN	1,761.11	—
(Secured by first charge on the Assets at Mahad of the Holding Company specifically purchased therefrom) (See Note (a) below)		
TERM LOAN	1,200.00	—
(Secured by first charge on the Assets at Mahad of the Holding Company specifically purchased therefrom) (See Note (b) below)		
TERM LOAN	711.00	416.00
(Secured by first charge on the Assets at Sadawaghapur of the Holding Company specifically purchased therefrom) (See Note (c) below)		
TERM LOAN	—	93.68
(Secured by other Assets) * (See Note (d) below)		
TERM LOAN	420.00	—
(Secured by Land & Building under construction in Phase II and III of Joint Venture and corporate guarantee of the Company) (See Note (e) below)		
FROM FINANCIAL INSTITUTION		
TERM LOAN	—	—
(Secured by other Assets) * (See Note (f) below)		
Total (A)	<u>4,092.11</u>	<u>509.68</u>

Notes:

- (a) Excluding ₹ 138.89 lacs (Last year ₹ Nil/-) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 18 equal Quarterly installments beginning with 04.02.2013.
- (b) Repayable in 18 equal Quarterly installments beginning with 14.08.2013.
- (c) Excluding ₹ 180.00 lacs (Last year ₹ Nil/-) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 20 equal Quarterly installments beginning with 21.06.2012.
- (d) Excluding ₹ 93.68 lacs (Last year ₹ 187.53) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 15 equal Quarterly installments beginning with 24.12.2008.
- (e) Repayable in 24 equal monthly installments beginning with 10.06.2014.
- (f) Excluding ₹ Nil (Last year ₹ 240.00 lacs) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 10 half yearly installments beginning with 01.10.2007.
- (g) There has been no default in repayment of Loan & Payment of Interest in respect of any of aforesaid borrowings.

* Security :

First charge on all immovable and moveable properties of the Holding Company at its Pune Plant, both present and future subject, however, to the prior charges created and / or to be created by the Company on its (i) immovables and moveable properties specifically secured and (ii) other movables and book debts in favour of its bankers for securing borrowings for working capital facilities. All these loans shall rank pari passu with the existing and future first charges created in favour of Financial Institutions and Banks.

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
(B) Unsecured Borrowings		
Fixed Deposits from Public/Shareholders * (See Note (a) below)	952.85	2,158.19
Deposit from Associates	110.00	110.00
Deferred Sales Tax Liability (See Note (b) below)	1,567.94	—
Total (B)	2,630.79	2,268.19
Total Long term borrowings(A) +(B)	6,722.90	2,777.87

Notes:

- (a) Excluding (i) ₹ 62.20 lacs (Last year ₹ 78.45 lacs) being deposits for 1 year shown under "Short Term Borrowings" under Note No 6, and (ii) ₹ 1771.74 lacs (Last year ₹ 706.40 lacs) shown under "Current maturities of Long Term Fixed Deposits" under Note No.8.
- (b) Excluding Rs. 6.62 lacs (Last year ₹ Nil) shown under "Current maturities of "Long Term Unsecured Debts" under Note No. 8.
- (c) There has been no default in repayment of Loan & Payment of Interest in respect of any of aforesaid borrowings.
- * Repayable after 2 years and 3 years from the date of acceptance of each Deposits.

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '4' - OTHER LONG TERM LIABILITIES		
Sundry Creditors	<u>365.18</u>	<u>346.03</u>
NOTE '5' - LONG TERM PROVISIONS		
Provision for Diminution in value of Long term Investments and Impairment of Fixed Assets		
As per Last Balance Sheet	1,457.26	60.00
Transferred from Profit and Loss Account		
Provision for impairment	—	959.26
Deferred tax saving thereon	—	438.00
	<u>1,457.26</u>	<u>1,457.26</u>
Less : Deducted per contra		
From Investments	60.00	60.00
From Fixed Assets	<u>1,397.26</u>	<u>1,397.26</u>
As per last Balance Sheet	<u>539.74</u>	<u>539.74</u>
Less : Debts & Advances considered Doubtful per contra	<u>364.02</u>	<u>376.85</u>
	175.72	162.89
Less : Surplus provision shown under Reserves & Surplus	<u>175.72</u>	<u>162.89</u>
	—	—
Provision for Taxation (Less:Advance Tax etc.)	173.33	169.32
Provision for Gratuity	<u>539.57</u>	<u>534.10</u>
	<u>712.90</u>	<u>703.42</u>

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012		AS AT 31.03.2011
	₹ in Lacs		₹ in Lacs
NOTE '6' - SHORT TERM BORROWINGS			
(A) Secured Borrowings from Bank			
Cash Credit repayable on demand (Secured by hypothecation of stocks, stores and book debts and second charge on all immoveables and moveable properties of the Company at its Pune plant & Joint Venture firm)	1,293.12		553.37
Total (A)	<u>1,293.12</u>		<u>553.37</u>
(B) Unsecured Borrowings			
OTHER SHORT TERM LOANS & ADVANCES			
Fixed Deposits	62.20	78.45	
Others Deposits	59.90	51.76	130.21
Total (B)	<u>122.10</u>		<u>130.21</u>
Total short term borrowings(A) +(B)	<u><u>1,415.22</u></u>		<u><u>683.58</u></u>
Note (a) : There has been no default in repayment of Loan & Payment of Interest in respect of any of aforesaid borrowings.			
NOTE '7' - TRADE PAYABLE			
Acceptances	1,975.61	1,812.62	
Sundry Creditors	1,719.36	1,159.58	2,972.20
	<u>3,694.97</u>		<u>2,972.20</u>
NOTE '8' - OTHER CURRENT LIABILITIES			
Current Maturities of Long Term Debts:			
Fixed Deposits	1771.74	706.40	
Secured Debts	412.57	502.53	
Unsecured Debts	4653.37	3789.25	4998.18
Unclaimed dividend	15.13		13.44
Unclaimed Matured Fixed Deposits	22.27		22.54
Unclaimed Interest On Fixed Deposits	1.99		3.37
Interest on Loans accrued but not due	213.32		167.76
Creditors for Capital Goods	235.10		197.18
	<u>7,325.49</u>		<u>5,402.47</u>
NOTE '9' - SHORT TERM PROVISIONS			
Provision for Taxation (Less : Advance Tax etc.)	—		105.26
Provision for Leave Encashment	86.97		80.16
Proposed Dividend	123.00		123.00
	<u>209.97</u>		<u>308.42</u>

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)

NOTE '10' - TANGIBLE FIXED ASSETS (At Cost) (₹ in lacs)

TYPE OF ASSETS	Cost upto 31.3.2011	Additions/ Transfers during the Period	Deductions/ Transfers during the period	Balance Cost upto 31.03.2012	Depreciation / Impairment upto 31.3.2011	Depreciation / Amortisation for the period	Depreciation on sold Assets and on deductions written back	Depreciation/ Impairment Balance as on 31.03.2012	Net Book Value as on 31.03.2012	Net Book Value as on 31.3.2011
Land - Freehold	5.89	35.00	-	40.89	-	-	-	-	40.89	5.89
- Leasehold	19.50	1,115.24	-	1,134.74	-	8.35	-	8.35	1,126.39	19.50
Buildings Under Lease	395.26	-	-	395.26	90.74	6.44	-	97.18	298.08	304.52
Buildings - Others	2,067.48	256.15	-	2,323.63	843.39	63.13	-	906.52	1,417.11	1,224.09
Machinery	21,522.83	910.14	0.33	22,432.64	14,259.75	684.01	0.01	14,943.75	7,488.89	7,263.08
Laboratory Equipments	25.51	0.04	-	25.55	15.30	1.62	-	16.92	8.63	10.21
Furniture & Fixtures	389.65	35.21	0.61	424.25	330.14	12.93	0.41	342.66	81.59	59.51
Vehicles	213.73	34.30	5.00	243.03	142.06	20.59	-	162.65	80.38	71.67
Total	24,639.85	2,386.08	5.94	27,019.99	15,681.38	797.07*	0.42	16,478.03	10,541.96	8,958.47
Previous year	24,516.06	797.53	673.74	24,639.85	13,453.41	871.92*	41.21	14,284.12	8,958.47	11,062.65

Note : 1) Provision for impairment of Assets made during the current year Rs. Nil/- (Last Year ₹ 1997.26 Lacs)

*Note : 2) The depreciation charged on Fixed Assets in the Profit & Loss Account doesnot include an amount of Rs.2.02 lacs(Last year ₹ 4.82 lacs) allocated to construction work in progress of Joint Venture.

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012 ₹ in Lacs	AS AT 31.03.2011 ₹ in Lacs
NOTE '11' - NON CURRENT INVESTMENTS		
LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS :		
Investments In Associates;		
675,000 Equity shares of Pudumjee Plant Laboratories Ltd. of ₹ 10/- each fully paid (unquoted)	60.00	60.00
4,902,515 (Last year 4,312,515) Equity shares of Pudumjee Industries Ltd. of ₹ 2/- each. fully paid (quoted)	1,193.66	966.55
Other Investment :		
4,000 Shares of Saraswat Co-op Bank Ltd. of ₹ 10/- each fully paid (unquoted)	0.40	0.40
	<u>1,254.06</u>	<u>1,026.95</u>
Less: Provision for Diminution in value of Long term Investments deducted per contra	60.00	60.00
	<u>1,194.06</u>	<u>966.95</u>
Aggregate amount of quoted investments Cost	1,193.66	966.55
Market Value	789.33	780.57
Aggregate amount of unquoted investments Cost	60.40	60.40
NOTE '12' - LONG TERM LOANS & ADVANCES		
(Unsecured, Considered good unless otherwise stated)		
Prepaid Expenses	2.59	6.25
Security Deposits	47.37	32.54
Loans & Advances to Associates	3,686.59	2,995.06
Others Advances	308.08	35.32
Less : Provision for Doubtful Advances deducted per contra	34.22	34.11
	<u>273.86</u>	<u>1.21</u>
	<u>4,010.41</u>	<u>3,035.06</u>
NOTE '13' - CURRENT INVESTMENTS		
CURRENT INVESTMENTS IN MUTUAL FUNDS (unquoted) (LOWER OF COST OR FAIR VALUE)		
Nil (Last Year 4,090,622) Units of SBI Ultra Short Term Fund. of ₹ 10/- each fully paid	—	401.21
23 (Last Year 2,988,279) Units of SBI Magnum Insta Cash Fund. of ₹ 10/- each fully paid	0.39	500.54
2,389 (Last Year 1,607,346) Units of Reliance Liquid Fund. of ₹ 10/- each fully paid	0.36	245.72
	<u>0.75</u>	<u>1,147.47</u>
Aggregate amount of unquoted investments Cost	0.75	1,147.47

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)**

	AS AT 31.03.2012		AS AT 31.03.2011
	₹ in Lacs		₹ in Lacs
NOTE '14' - INVENTORIES			
Raw material (At cost)	1,750.52		1,309.28
Raw material in Transit (At Cost)	571.67		88.13
Work-in-process (At cost)	3,783.57		2,251.32
Finished Paper (At lower of cost or market value.)	2,204.47		905.03
Finished Paper in Transit (At lower of cost or market value.)	—		17.67
Stores, Spare Parts Etc.(At Cost)	1,068.26		803.39
Loose Tools (At Cost)	1.35		1.45
	<u>9,379.84</u>		<u>5,376.27</u>
NOTE '15' - TRADE RECEIVABLES (Unsecured)			
Debts outstanding for a period exceeding six months from due date			
Considered Good	205.37	37.92	
Considered Doubtful	<u>324.80</u>	<u>324.46</u>	
	530.17	362.38	
Other Debts			
Considered Good	2,049.50	3,085.99	
Considered Doubtful	<u>—</u>	<u>—</u>	
	2,579.67	3,448.37	
Less : Provision for Doubtful Debts deducted per contra	<u>324.80</u>	324.46	
	<u>2,254.87</u>	<u>3,123.91</u>	
	<u>2,254.87</u>	<u>3,123.91</u>	
NOTE '16' - CASH & BANK BALANCES			
Cash on hand as per books	9.92		8.11
Deposit with Bank for Margin Money (with maturity beyond 12 months)	9.00		9.00
On other Deposit account with Bank	10.00		607.48
On other accounts with Banks	204.89		119.85
Cheques on hand	35.81		57.22
Unpaid Dividends account with Banks	15.14		13.44
	<u>284.76</u>		<u>815.10</u>
NOTE '17' - SHORT TERM LOANS & ADVANCES			
(Unsecured, Considered Good)			
Prepaid Expenses	62.94		39.39
Security Deposits	1.94		0.72
Inter Corporate Deposits	—		375.61
Interest Accrued On Investments			
On Banks & Other Deposits	0.11		—
Capital Advances	193.80		1,092.95
Advance Income Tax for Current year (Less Provision for Current year Tax)	121.18		2.00
Advances to employees of the Company	14.00		16.17
Advances recoverable in cash or in kind			
Considered good	718.00	680.35	
Considered doubtful	<u>5.00</u>	<u>18.28</u>	
	723.00	698.63	
Less : Provision for Doubtful Advances deducted per contra	<u>5.00</u>	18.28	
	<u>718.00</u>	<u>680.35</u>	
	<u>1,111.97</u>	<u>2,207.19</u>	

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Year Ended 31.03.2012		Year Ended 31.03.2011
	₹ in Lacs		₹ in Lacs
NOTE '18' - REVENUE FROM OPERATIONS			
PAPER	20,918.35	22,184.99	
Less : Excise Duty	1,059.36	791.04	
TRADE SALE		19,858.99	21,393.95
Shares	36.82	38.45	
Others	1,730.88	126.44	
		1,767.70	164.89
MISCELLANEOUS SALES	68.33	98.90	
Less : Excise Duty	0.34	0.39	
PROCESSING AND OTHER CHARGES	1,320.02		930.12
REAL ESTATE ACTIVITY	2,313.42		—
OTHER OPERATING REVENUE	81.64		27.68
	<u>25,409.76</u>		<u>22,615.15</u>
NOTE '19' - OTHER INCOME			
DIVIDENDS			
Others	43.73		56.34
MISCELLANEOUS INCOME	27.78		15.45
INTEREST RECEIVED FROM OTHERS	341.11		382.68
PROFIT ON SALE/TRANSFER OF FIXED ASSETS (NET)	—		2.07
	<u>412.62</u>		<u>456.54</u>
NOTE '20' - COST OF MATERIAL CONSUMED			
CONSUMPTION OF RAW MATERIALS	11,308.42		10,496.15
CONSUMPTION OF STORES, COLOURS,CHEMICALS etc.	1,661.39		2,049.05
	<u>12,969.81</u>		<u>12,545.20</u>
NOTE '21' - CHANGE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROCESS AND STOCK-IN-TRADE			
STOCK AT COMMENCEMENT			
Finished Paper / Shares / Construction	922.70	969.46	
Work-in-Process			
- Pulp	30.23	9.74	
- Paper	326.10	246.87	1,226.07
STOCK AT CLOSE			
Finished Paper / Shares / Construction	2,204.47	922.70	
Work-in-Process			
- Pulp	12.85	30.23	
- Paper	674.26	326.10	1,279.03
	<u>(1,612.55)</u>		<u>(52.96)</u>
NOTE '22' - EMPLOYEES' COST			
SALARIES,WAGES,BONUS etc.			
Salaries,Wages,gratuity & Bonus	1,818.45		1,559.22
Contribution to Provident & Other Funds(Including Administrative Charges)	173.85		152.51
Employees State Insurance	6.05		5.83
Workmen & Staff Welfare Expenses	120.01		95.93
	<u>2,118.36</u>		<u>1,813.49</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

	Year Ended 31.03.2012 ₹ in Lacs	Year Ended 31.03.2011 ₹ in Lacs
NOTE '23' - FINANCE COST		
INTEREST ON BORROWINGS	529.77	490.74
OTHER FINANCIAL CHARGES	<u>107.52</u>	<u>112.41</u>
	637.29	603.15
LESS: INTEREST RECEIVED ON TRADE DEBTS	<u>168.53</u>	<u>150.85</u>
	468.76	452.30
NOTE '24' - OTHER EXPENSES		
FUEL, POWER & WATER	4961.97	4757.65
RENT	5.24	5.15
RATES & TAXES	47.83	65.40
REPAIRS & MAINTENANCE		
Machinery	655.68	477.46
Buildings	56.07	43.77
Others	<u>8.74</u>	<u>11.18</u>
INSURANCE	16.49	14.58
PACKING,CARTAGE,CUTTING, BALING,FREIGHT ETC.	384.76	391.39
DEVELOPMENT & RESEARCH EXPENSES	96.90	80.81
COMMISSION ON SALES	216.95	133.81
BAD DEBTS & ADVANCES WRITTEN OFF	82.76	8.08
DIRECTORS' FEES	1.73	1.49
EXCISE DUTY ON STOCK	91.31	13.43
LOSS ON SALE/TRANSFER OF ASSETS (NET)	4.75	—
SHARE OF LOSS IN ASSOCIATE COMPANY	6.10	37.45
OFFICE & MISCELLANEOUS EXPENSES	<u>750.38</u>	<u>367.28</u>
	7,387.66	6,408.93

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE '25'

25.01 Salary, Wages, gratuity and bonus (Schedule 'K') does not include a sum of ₹ 109.14 lacs (Last year ₹ 90.41 lacs) transferred to other accounts.

- 25.02** a) The Parent company has acquired leasehold land, building and board manufacturing machine at Mahad Dist. Raigad, where a Paper machine is also being installed. The leasehold land, colony and buildings are shown under Tangible Fixed Assets schedule (Note No.10) and is appropriately amortized and depreciated for the year and Factory Building, Machinery and all other assets together with related expenditure have been shown under Capital work-in-progress.
- b) The wind power plant of the Parent company with a capacity of 2.1 MW, included under capital work-in-progress is under installation and is expected to commence operation in the next financial year.
- c) Borrowing cost comprising interest etc. of ₹ 155.24 lacs (Last year Rs.1.13 Lacs) and the expenses of ₹ 62.73 lacs (Last year ₹ 194.87 lacs) relating to the aforesaid projects have been capitalized.

25.03 Payments made to Auditors:

	<u>2011-2012</u>	<u>2010-2011</u>
	₹ in Lacs	₹ in Lacs
Audit fees	1.75	1.75
Taxation matters	0.60	0.60
Others	1.65	1.65
	<u>4.00</u>	<u>4.00</u>

25.04 To the best of knowledge of the company, none of the creditors are 'Small enterprise' within its meaning under clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 & therefore principal amount, interest paid/payable or accrued is NIL.

25.05 Land admeasuring about 3000 Sq.Meters has been acquired by Municipal Corporation for road widening purpose in the earlier years. The Parent company is entitled to TDR with an out side chance of cash compensation, which is yet to be determined and as such this will be included when finally decided since the relevant documentation is yet to be finalised and executed.

25.06 Details of significant lease

The Parent company has entered into lease agreement in terms of which it has given buildings on rent on the usual terms and conditions and such payments received for the year have been recognized in the Profit & Loss Account under other income.

	<u>AS AT</u>	<u>AS AT</u>
	<u>31.03.2012</u>	<u>31.03.2011</u>
	₹ in Lacs	₹ in Lacs
25.07 a) Contingent Liabilities not provided for in respect of:		
i) Bank Guarantees and Letters of Credit in favour of suppliers of raw materials, spares etc.*	1,976.85	2,192.20
ii) Guarantee for Loan granted to Companies*	736.67	364.56
iii) Claims against the Company not acknowledged as debts for excise duty, property tax and commercial claims etc.**	725.77	642.30
* Will not affect the future Profitability.		
** May affect the future profitability to the extent indicated, if such liabilities crystallise.		
b) Commitments not provided for in respect of:		
i) Estimated of contracts of Parent company remaining to be executed on capital account	768.86	2724.08

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' (Contd.)

25.08 Following significant accounting policies have been adopted in preparation and presentation of the financial statements:

- a) Fixed Assets are valued at cost.
- b) Borrowing costs comprising interest etc. relating to projects are capitalised up to the date of its completion and other borrowing costs are charged to Profit & Loss Account in the year of their accrual.
- c) Depreciation on Machinery & Building has been provided on Straight Line Method and that on the other Assets on Written Down Value method in accordance with Schedule XIV of the Companies Act, 1956 as in force as on the date of Balance Sheet. Lease hold land is depreciated based on period of residual lease. In case of joint venture firm the temporary structures are amortized in proportion of properties fully completed.
- d) Finished paper stock is valued at lower of cost or market value. All other inventories are valued at lower of cost on First In First Out Method or realisable value.
- e) Investments are classified into current and long term investments. Current investments are stated at lower of cost or fair value. Long term investments are stated at cost, less provision for permanent diminution in value, if any.
- f) (i) Contributions to defined contribution schemes, namely, Provident Fund and Superannuation Fund is made at a pre-determined rates and are charged to the Profit & Loss Account.
(ii) Contributions to the defined benefit scheme, namely, Gratuity Fund & provision for the remaining Gratuity and for Leave encashment are made on the basis of actuarial valuations made in accordance with the revised Accounting Standard (AS) 15 at the end of each Financial Year and are charged to the Profit & Loss Account of the year.
(iii) Actuarial gains & losses are recognized immediately in the Profit & Loss Account.
- g) Foreign Exchange Transactions are recorded at the then prevailing rate. Closing balances of Assets & Liabilities relating to foreign currency transactions are converted into rupees at the rates prevailing on the date of the Balance Sheet. The difference for transactions are dealt with in the Profit & Loss Account.
- h) Revenue recognition is postponed to a later year only when it is not possible to estimate it with reasonable accuracy. The joint venture firm has followed completed building method for recognizing its revenue, when the constructed flats are ready for possession.
- i) Factors giving rise to any indication of any impairment of the carrying amount of the company's assets are appraised at each balance sheet date to determine and provide /revert an impairment loss following accounting standard AS 28 for impairment of assets.

25.09 Computation of basic and diluted Earning Per Share (EPS)

	AS AT 31.03.2012	AS AT 31.03.2011
Basic EPS:		
(a) Net Profit after tax as per Profit & Loss Account : After current and deferred Tax	₹ 1,111.92 lacs	₹ 736.40 lacs
(b) No. of Equity shares of ₹ 2/- each :	410.00 lacs	410.00 lacs
(c) Basic EPS After current and deferred Tax (a/ b)	₹ 2.71	₹ 1.80
Diluted EPS:		
(d) Value of Originally sanctioned Loan with right of conversion in case of default in repayment obligations*	-	₹ 1,200.00 lacs
(e) Maximum conversion at 20% in case of default in repayment obligations*		₹ 240.00 lacs
(f) Number of Equity Shares of ₹ 2/- each on such notional conversion at the beginning of the year		120.00 lacs
(g) Total number of Equity Shares both existing and notionally converted (b+f)	410.00 lacs	530.00 lacs

NOTE '25' (Contd.)

25.09 Computation of basic and diluted Earning Per Share (EPS) (Contd.)

	<u>AS AT</u> <u>31.03.2012</u>	<u>AS AT</u> <u>31.03.2011</u>
(h) Net Profit After Tax as per Profit & Loss Account		
After current and deferred Tax	₹ 1,111.92 lacs	₹ 736.40 lacs
Add : Hypothetical saving in Interest for the period on notional conversion	-	₹ 19.20 lacs
Less : Income Tax thereon	-	₹ 6.38 lacs
Total of (h)		
After current and deferred Tax	₹ 1,111.92 lacs	₹ 749.22 lacs
(i) Diluted Earning Per Share		
(ii) After current and deferred Tax [(h)(4)/ g]	₹ 2.71	₹ 1.41

* There has been no default in repayment obligations during the year and the balance of such loan as at 31.03.2012 was ₹ Nil lacs (Last year ₹ 240 lacs)

25.10 (a) The Deferred Tax Liabilities / (Deferred Tax Assets) into major components are as under :

	<u>AS AT</u> <u>31.03.2012</u>	<u>AS AT</u> <u>31.03.2011</u>
	₹ in Lacs	₹ in Lacs
In respect of Depreciation	2,042	1,910
In respect of allowances and disallowances under various provisions of Income Tax Act.	(410)	(336)
Net Deferred Tax Liability	<u>1,632</u>	<u>1,574</u>

(b) The Deferred Tax Asset in respect of carry forward of losses and tax credit has been worked out on the basis of assessment orders, returns of income filed for subsequent assessment years and estimate of the taxable income for the year ending 31st March ,2012.

(c) No Deferred Tax Asset has been recognised in case of Joint venture firm.

25.11 Related party disclosures (Accounting Standard 18) :

A) Associate Firms / Companies

- a) M/s. Pudumjee-G : Corp Developers
- b) M/s.Prime Developers.
- c) Pudumjee Industries Limited.
- d) Pudumjee Plant Laboratories Limited.
- e) Pudumjee Hygine Products Limited.
- e) Pudumjee Holdings Limited.

B) Key Management personnel

Shri.M.P.Jatia (Expired on 25-05-2012)
Chairman & Managing Director

Shri.V.P.Leekha
Chief Executive Officer

Shri.S.K.Bansal
Wholetime Director

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' (Contd.)

C) Transactions with related Parties	2011-12 (2010-2011) ₹ in Lacs		
	Associate Companies	Maximum during the year	Key Management Personnel
a) Interest bearing Inter Corporate Deposits lent during the year	5175.00 (2225.00)		
b) Interest charged during the year	218.43 (284.51)		
c) Inter Corporate Deposits /Advances etc.outstanding receivable as at 31 st March, 2012 including interest Pudumjee Industries Limited	3,686.59 (2,995.06)	4317.00 (5027.25)	
d) Sale / Processing charges of goods during the year	1,646.12 (913.58)		
e) Purchases made during the year	1,559.02 (2,235.71)		
f) Reimbursement of common services and utilities during the year.	88.76 (317.94)		
g) Remuneration	-	-	145.45 (166.04)
h) Guarantees outstanding as at 31 st March, 2012	736.67 (364.56)		
i) Debts outstanding as at 31 st March, 2012 Includes material given on loan ₹ Nil. (Last year ₹ Nil lacs)	216.08 (90.77)	405.15 (405.15)	

Note: The figures in bracket relates to earlier year.

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NOTE '25' - (Contd.)

						2011-2012 (2010-2011)
25.12 SEGMENT REPORTING (Accounting standard 17)						₹ in Lacs
Information about business segments.	Paper-Unit Mahad	Paper-Unit Pune	Real Estate	Investment	Power	TOTAL
SEGMENT REVENUE						
From External Customers	—	21,518.80	2,313.42	1,278.46	299.08	25,409.76
	—	(22,570.06)	—	(38.45)	(6.64)	(22,615.15)
From Inter Segments	—	299.08	—	—	(299.08)	—
	—	(6.64)	—	—	6.64	—
Total Revenue	—	21,817.88	2,313.42	1,278.46	—	25,409.76
	—	(22,576.70)	—	(38.45)	—	(22,615.15)
SEGMENT RESULTS	(11.39)	671.92	975.86	16.84	90.13	1,743.36
	—	(1,163.09)	—	10.11	134.83	(1,018.15)
						147.18
Unallocated corporate expenses						(167.53)
Operating Profit						1,596.18
						(850.62)
Interest Expenses						547.89
						(502.09)
Interest Income						509.64
						(533.53)
Dividend Income						43.73
						(56.34)
Income in respect of Investments						—
						—
Income Taxes including Deferred Tax						489.74
						(202.00)
Profit from ordinary activities						1,111.92
						(736.40)
Extra Ordinary Income						—
						(-)
Net Profit as per Profit & Loss Account						1,111.92
						(736.40)
OTHER INFORMATION						
Total carrying amount of Segment Assets	6,560.69	14,389.80	5,554.21	127.70	3,077.75	29,710.15
	(1,235.87)	(14,138.76)	(3,901.94)	(127.03)	(1,398.26)	(20,801.86)
Add: Unallocated Corporate Assets						4,881.40
						(5,485.09)
Total Assets as per Balance Sheet						34,591.55
						(26,286.95)
Total carrying amount of Segment Liabilities	5.53	4,527.71	312.32	66.07	238.61	5,150.24
	(1.34)	(4,383.34)	(117.24)	(37.21)	—	(4,539.13)
Add: Unallocated Corporate Liabilities						29,441.31
						(21,747.82)
Total Liabilities as per Balance Sheet						34,591.55
						(26,286.95)
Capital Expenditure incurred during the year	6,082.42	273.74	10.80	—	1,294.70	7,661.66
	(168.07)	(522.87)	(92.88)	—	(652.84)	(1,436.66)
Depreciation for the Year	11.39	617.46	12.41	—	153.79	795.05
	—	(774.05)	—	—	(93.05)	(867.10)
Other Non Cash Expenditure	—	—	—	—	—	—
	(-)	(-)	(-)	—	(-)	(-)

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

Sales Revenue by Geographical Segments

WITHIN INDIA	—	21,263.28	2,313.42	1,278.46	299.08	25,154.24
	—	(22,525.51)	—	(38.45)	(6.64)	(22,570.60)
OUTSIDE INDIA	—	255.52	—	—	—	255.52
	—	(44.55)	—	—	—	(44.55)
	—	21,518.80	2,313.42	1,278.46	299.08	25,409.76
	—	(22,570.06)	—	(38.45)	(6.64)	(22,615.15)

- i) The Paper segment relates to manufacture and marketing of Paper, processing activity at pune & Mahad.
 ii) The Real Estate Activity relates to profit from firm engaged in Construction Activity.
 iii) Power Generation Activity relates to Generation of Power from D.G.Set and Wind Power Turbine.
 iv) The Investment segment relates primarily to the activity of investment i.e.purchase & sale of shares etc.
 v) Figures in bracket relate to previous year.

25.13 The following are the disclosures required under revised Accounting Standards (AS) 15 in respect of Employee Benefits :

- a) An amount of ₹ 127.11 lacs (Last year ₹ 115.07 lacs) has been recognized as an expenses for defined contribution plans by way of Company's contribution to Provident Funds & Super annuation Fund.
 b) The defined benefits plans comprise of Gratuity Plan and Leave Encashment Plan.The Gratuity Plan is partly funded with Life Insurance Corporation of India under its Cash Accumulation Plan.
 c) Expenses recognized during the year and reconciliation of the Assets & Liabilities recognized in Balance Sheet as at 31.03.2012 :

	Gratuity (Partly funded) (₹ in Lacs)		Leave Encashment (Unfunded) (₹ in Lacs)	
	2011-2012	2010-2011	2011-2012	2010-2011
i) The present value of defined benefit obligations at the commencement of the Year	868.29	818.94	80.16	75.05
ii) Current Service cost	38.34	37.91	14.45	6.56
iii) Interest cost	71.63	67.56	6.61	6.19
iv) Actuarial (Gain)/Loss	(19.12)	8.06	10.37	(2.51)
v) Benefits (Paid)	(88.51)	(64.18)	(24.63)	(5.13)
vi) Past Service Cost	—	—	—	—
vii) The present value of defined benefit obligations at the close of the Year	870.63	868.29	86.96	80.16
viii) The fair value of plan assets at the close of the year	331.07	334.18	—	—
ix) The Past service cost not yet recognized	—	—	—	—
x) Expected return on plan assets	(28.40)	(28.24)	—	—

Expenses aggregating ₹ 69.25 lacs (Last year ₹ 90.40 lacs) covered under items (ii),(iii),(iv),(vi) and (x) above have been debited to the Profit & Loss Account.

d) Actuarial assumptions	2011-2012	2010-2011	2011-2012	2010-2011
i) Rate of interest (per annum)	8.50%	8.25%	8.50%	8.25%
ii) Salary growth (per annum)	6.00%	5.50%	6.00%	5.50%
iii) Withdrawal rate (per annum)	1.00%	1.00%	1.00%	1.00%
iv) Expected return on Plan Assets	9.25%	9.25%	—	—
v) Mortality rates [LIC(1994.96) ultimate]	—	—	—	—

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NOTE '25' - (Contd.)

25.14 a) Details of Subsidiary / Associate Companies/Joint Venture Firm :

Name of the Company	Country of incorporation	Proportion of Ownership Interest	Minority Interest	Financial Accounting year ended
I) Subsidiary Companies				
a) Pudumjee Investment & finance co.Ltd.	India	100%	Nil	31.03.2012
II) Joint Venture Firm				
a) M/s Pudumjee-G : Corp Developers	India	60%	40%	31.03.2012
III) Associate Companies/ Firm				
a) M/s Prime Developers	India	Nil	N. A.	31.03.2012
b) Pudumjee Industries Ltd.	India	27.24%	N. A.	31.03.2012
c) Pudumjee Plant Laboratories Ltd.	India	27.11%	N. A.	31.03.2012
d) Pudumjee Hygine Products Ltd.	India	Nil	N. A.	31.03.2012
e) Pudumjee Holding Ltd.	India	Nil	N. A.	31.03.2012

b) During the year Pudumjee Investment & Finance Co.Ltd subsidiary of the parent company Pudumjee Pulp and Paper Mills Limited has incurred a loss of ₹ 8.56 Lacs for the year ending 31st March 2012, which has been appropriately dealt with in these consolidated financial statements.

c) Financial information of subsidiary company / Joint Venture :-

	Pudumjee Investment & Finance Co.Ltd		M/S Pudumjee-G : Corp Developers	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
i) Share Capital	499.00	499.00	70.00	70.00
ii) Reserves & Surplus	(394.49)	(386.46)	—	—
iii) Total Assets	704.68	702.19	9,289.10	7,162.65
iv) Total Liabilities	704.68	702.19	9,289.10	7,162.65
v) Investment	573.16	573.16	1.25	659.20
3,945,790 Equity shares of ₹ 2 each fully paid of Pudumjee Industries Limited (Market value ₹ 635.27 Lacs)				
vi) Turnover	1,278.47	38.45	3,855.70	N. A.
vii) Profit / (Loss) before Tax	(8.56)	(37.28)	1,673.90	N. A.
viii) Provision for Tax	—	—	522.89	N. A.
ix) Profit / (Loss) after Tax	(8.56)	(37.28)	1,151.01	N. A.
x) Proposed Dividend	—	—	—	—

d) No contingent liability has been incurred by the company in respect of Joint Venture except to the extent of a corporate guarantee of ₹ 2500 lacs given by it to the lead bank of Joint Venture. Its share in the contingent liability is nil, since the loan availed by the Joint Venture has already been accounted for in the consolidated accounts, following the principle of proportionate consolidation.

e) No capital commitment has been incurred by the company in respect of the Joint Venture. Its share of aggregate capital commitment is Nil.

25.15 The items and figures for the previous year have been recast and regrouped wherever necessary to conform to this year's presentation.

SIGNATURE OF NOTES '1' TO '25'

Correctly extracted from the Audited Accounts of the companies.

On behalf of the Board,

For **KHARE & CO.**,
Chartered Accountants

A. K. JATIA
Director

Y. P. SHUKLA
Proprietor

S. K. BANSAL
Director (Finance) &
Company Secretary

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

Mumbai, Dated : 29th May, 2012

PUDUMJEE PULP & PAPER MILLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Pursuant to clause 32 of the listing agreements with Stock Exchanges)

	2011-2012 (₹ in Lakhs)	2010-2011 (₹ in Lakhs)
A Cash Flow from Operating Activities		
Net profit before Taxation & Extraordinary Items	1,601.66	938.40
Adjustments for :		
Depreciation	795.05	867.10
Interest & Financial charges	468.76	452.30
Loss on sale / Transfer of Fixed Assets	4.75	—
Other income	<u>(384.84)</u>	<u>(406.59)</u>
	883.72	912.81
Operating profit before Working Capital Changes	2,485.38	1,851.21
(Increase)/Decrease in Inventories	<u>(4,001.55)</u>	<u>(1,457.68)</u>
(Increase)/Decrease in Debtors	868.70	(98.17)
(Increase)/Decrease in Advances Others	569.39	(1,152.85)
Increase/(Decrease) in Liabilities	<u>792.81</u>	<u>557.08</u>
	(1,770.65)	(2,151.62)
Cash Generated from Operations	714.73	(300.41)
Income Tax (paid)/Refund Received (Net)	<u>(610.17)</u>	<u>(165.44)</u>
Cash Flow before Extraordinary Items	104.56	(465.85)
(Expenses)/Income of earlier years	<u>0.53</u>	<u>8.54</u>
Net cash from Operating Activities	<u>105.09</u>	<u>(457.31)</u>
B Cash flow from Investing Activities		
Purchase of Fixed Assets	<u>(7,506.42)</u>	(1,347.88)
Sale Proceeds of Fixed Assets	0.77	5.22
Investment in Mutual Funds Etc.	655.65	(109.93)
Sale Proceeds of Investments	409.90	—
Change in Loans & Advances	<u>(315.94)</u>	1,485.17
Interest Received	447.46	474.37
Dividend Received	28.60	21.86
Net cash from / (used) in Investing Activities	<u>(6,279.98)</u>	<u>528.81</u>
C Cash flow from Financing Activities		
Proceeds from Borrowings	7,745.30	4,684.00
Repayment of Borrowings	<u>(1,230.78)</u>	<u>(3,727.44)</u>
Payment of Interest	<u>(746.97)</u>	<u>(532.04)</u>
Dividend paid	<u>(123.00)</u>	<u>(123.00)</u>
Net cash from / (used) in Financing Activities	<u>5,644.55</u>	<u>301.52</u>
Net change in Cash & Cash Equivalents (A+B+C)	(530.34)	373.02
Cash & Cash Equivalents (Opening Balance)	<u>815.10</u>	<u>442.08</u>
Cash & Cash Equivalents (Closing Balance)	<u>284.76</u>	<u>815.10</u>

Note : Figures in brackets represent cash outflows.

Correctly extracted from Audited Accounts of the Company

For **KHARE & CO.**,
Chartered Accountants

Y. P. SHUKLA
Proprietor

S. K. BANSAL
Director (Finance) &
Company Secretary

Mumbai, Dated : 29th May, 2012

On behalf of the Board,

A. K. JATIA
Director

B. C. DALAL
Director

Mumbai, Dated : 29th May, 2012

PROXY FORM

PUDUMJEE PULP & PAPER MILLS LIMITED

Registered Office :
Thergaon, Pune 411 033.

I/We of in the
district of being a member/members of the above named
Company hereby appoint of in the
district of or failing him of
in the district of as my/our proxy to vote for me/us on my/our behalf at the Annual
General Meeting of the Company to be held on the 25th day of August, 2012 and at any adjournment thereof.

Signed at this day of 2012.



Signature

This form must be deposited at the Company's Registered Office not less than 48 hours before the time for holding of the Meeting. Please affix Revenue Stamp of 15 paise.

PUDUMJEE PULP & PAPER MILLS LIMITED

Registered Office :
Thergaon, Pune 411 033.

ATTENDANCE SLIP

Please complete and sign this attendance slip and hand over at the entrance of the meeting hall.

I hereby record my presence at the Forty seventh Annual General Meeting of the Company at its Registered Office at Thergaon, Pune 411 033 at 9.00 a.m. on Saturday, the 25th day of August, 2012.

Name of Shareholder

Folio No./Depository A/c No.

Name of Proxy (If any)

No. of Shares held

Signature of Member / Proxy

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Pudumjee Pulp & Paper Mills Ltd.,
Thergaon, Pune – 411 033.

PRABODHI
24/7/2023