

**PUDUMJEE
PULP & PAPER MILLS
LIMITED**



PUDUMJEE

**Annual Report
2012 - 2013**

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS:

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

BANKERS:

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

SOLICITORS:

KANGA & COMPANY

AUDITORS:

KHARE & COMPANY

REGISTERED OFFICE:

THERGAON, PUNE 411 033.

REGISTRAR & TRANSFER AGENTS:

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

DEMAT STOCK CODE:

INE606A01024

EQUITY SHARES ARE LISTED AT:

BOMBAY, PUNE & NATIONAL STOCK EXCHANGES.

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTICE

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Registered Office:

Thergaon, Pune 411 033.

Dated : 23rd May, 2013.

Communication to Members

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

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

Subsidiary Accounts:

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

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

3. Cost Auditor Details:

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

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 & 8 under Special Business in the accompanying Notice dated 23rd May, 2013 convening the Annual General Meeting.

RESOLUTION NO.7

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

The Directors commend the resolution for approval of the members.

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

RESOLUTION NO. 8

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

The Directors commend the resolution for your approval.

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

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

I. GENERAL INFORMATION:

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

II. INFORMATION ABOUT THE APPOINTEE:

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

PUDUMJEE PULP & PAPER MILLS LIMITED

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

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

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

* ₹. 2/- per share

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS.

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

FINANCIAL RESULTS

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm

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

DIVIDEND

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

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OPERATIONS

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

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

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

The labour relations continued to remain peaceful.

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

DIRECTORS

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

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

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

These resolutions are commended for your approval.

AUDITORS

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

On behalf of the Board of Directors,

R.N. Sethna
Director

A.K. Jatia
Director.

Mumbai,

Dated : 23rd May, 2013.

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, 2013.

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.
- Modification in steam and condensate system.

b) Proposals

Optimisation of refiners, pumps and agitators.
Utilisation of condensate tank flash steam.
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 ₹ 69 Lacs per annum.

d) Power and Fuel Consumption:

| | 2012-13 | Previous Year |
|---|---------|---------------|
| i) Electricity | | |
| (a) Purchased | | |
| - Units (KWH in lacs) | 396.01 | 537.02 |
| - Total Amount (₹ In lacs) | 3018.16 | 3618.04 |
| - Average Rate/KWH (₹ in lacs) | 7.62 | 6.74 |
| (b) Own Generation: | | |
| (i) Through Power Generator | | |
| Units (KWH in lacs) | - | - |
| Units per Ltr. Of fuel oil | - | - |
| Cost/Unit (₹) | - | - |
| (ii) Through Steam Turbine | | |
| Units (KWH in lacs) | 15.42 | 21.35 |
| Cost of equivalent power (₹ In lacs) | 117.49 | 143.89 |
| (iii) Through Wind Mill | | |
| Units (KWH in lacs) | 61.85 | 38.35 |
| Cost of equivalent power (₹ In lacs) | 484.88 | 275.91 |
| ii) Steam Coal utilized in Boiler | | |
| (Grade 'C' or Grade 'D' whichever is available) | | |
| Quantity (MT) | 21772 | 25047 |
| Total Amount (₹ In lacs) | 1058.51 | 1252.25 |
| Average Rate / MT (₹) | 4862 | 5000 |
| iii) Fuel Oil | | |
| - Quantity (KL) | - | 93 |
| - Total Amount (₹ In lacs) | - | 24.74 |
| - Average Rate (₹ Per KL) | - | 26602 |
| iv) Consumption per tonne of paper produced: | | |
| - Electricity (KWH) | 2204 | 2331 |
| - Fuel Oil (KL) | - | 0.004 |
| - Steam Coal | 1.014 | 0.978 |

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.

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II RESEARCH AND DEVELOPMENT:

- | | | |
|---|--|---|
| 1 | Specific Areas in which R & D Carried out by the Company | (a) Development of new grades of paper like flexible packing paper, grease resistant paper, Décor glassine & bakery release paper. (b) Introduction of ASA Sizing of different paper grades for quality. (c) Optimized chemical addition on various paper grades running on machine and waste paper re-cycling plant. (d) Replacement of OBA, Defoamer, DSR etc. |
| 2 | Benefits derived as a result of Above R & D | (a) Natural resources conservation & better environment management due to replacing virgin fiber with recycled paper pulp in certain paper grades. (b) Product Development as per Market requirements & cost effective production with enhanced quality. |
| 3 | Future Plan of action | (a) Development of New Décor grades for export. (b) Development of value added products, like grease resistant paper (High oil kit), release paper. (c) Cost reduction by replacing virgin pulp by using low cost furnish, alternate chemicals etc. (d) Water conservation in line with new standards. |
| 3 | Expenditure on R & D | Rupees in Lacs |
| | (a) Capital | — |
| | (b) Recurring | <u>69.78</u> |
| | (c) Total | <u>69.78</u> |
| | (d) Total R & D expenditure as a percentage of Turnover | <u>0.34</u> |

III TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- | | | |
|---|--|---|
| 1 | Efforts in brief made towards technology absorption, adaptation and innovation | (a) Installation of cationic starch preparation & dosing system. (b) Installation of Dox rewinder to improve paper quality. (c) Installation of canister system for fibre recovery & self cleaning filters in water supply. (d) Wind power projects completed. |
| 2 | Benefits derived as a result of The above efforts | (a) Quality improvement & chemical saving (b) Renewable energy generation from wind power (c) Recovery of usable fibre. |
| 3 | No new technology was imported in last five years. | |

IV FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|---|--|
| 1 | During the year the Company has exported 277.20 MT of paper at ₹ 260.13 lacs as compared to 254.13 MT of paper valued at ₹ 202.57 lacs during 2011-12. All out efforts are being made to improve export performance further. |
| 2 | Foreign Exchange earned and used were ₹ 260.13 lacs and ₹ 4,632.66 lacs, respectively. |

On behalf of the Board of Directors,

R.N. Sethna
Director

A.K. Jatia
Director.

Mumbai,
Dated : 23rd May, 2013.

PUDUMJEE PULP & PAPER MILLS LIMITED

ANNEXURE "B" TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2013.

| Name & Age (Years) | Designation/ Nature of duties | Remuneration | | Qualification & Experience (Years) | Date of commen- cement of employ- ment. | Last employed | |
|----------------------------------|--|--------------|-----------|---|---|--------------------------------------|---------------------|
| | | Gross ₹ | Net ₹ | | | Name of the organi- sation. | Position held |
| *Mr. Leekha V.P. (73) | Director (Technical) & CEO | 76,72,804 | 56,87,066 | B.E. (Mech.) (50) | 07.03.2000 | Star Paper Mills Ltd. | President |
| **Mr. Hurbert Trummer (53) | Chief Operating Officer (COO) | 8,03,200 | 6,17,090 | B.E. (Mech.) (37) | 25.02.2013 | Self Empl- yed | Paper Consultant |

Notes -

- (1) Gross remuneration as shown above includes salary, bonus, Company's contribution to Provident fund and Value of medical and other facilities but excludes provision for gratuity. Net remuneration is arrived at after deduction of Income Tax.
- (2) *The nature and conditions of employment are non contractual. The employee is whole-time Director of the Company during the year.
- (3) **The nature and conditions of employment are contractual. The employee is whole-time employee of the Company and employed for part of the year.

On behalf of the Board of Directors,

R.N. Sethna
Director

A.K. Jatia
Director.

Mumbai

Dated : 23rd May, 2013.

ANNEXURE "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 Whole-time Director to the effect is appended.

Board of Directors:

The Board of Directors is composed of a Promoter Director, two Whole-time Directors and the rest Non Executive Independent Directors. The two Whole-time Directors, one of whom is Chief Executive Officer, conducts the day to day management of the Company subject to the supervision and control of the Board of Directors. 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 2012- 2013– 5) |
|----------------|----------|---|-----------------------|-------------------------|---|
| | | Directorships | Committee Memberships | Committee Chairmanships | |
| Mr.V.O. Somani | NED/IND | 3 | - | - | 5 |
| 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 |

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 25th August, 2012.

During the year 2012-2013 Four Board Meetings were held on the following dates:

29th May, 2012, 9th August, 2012, 10th November, 2012, and 24th January, 2013.

Details of Sitting fees & Remuneration paid to Directors during the year ended 31st March, 2013:
(Figures in Rupees)

| Name | Sitting fees | Salaries | Perquisites | Commission | Total |
|-----------------|--------------|-----------|-------------|------------|-----------|
| Mr.V.O. Somani | 46,000 | - | - | - | 46,000 |
| Mr.R.N. Sethna | 11,000 | - | - | - | 11,000 |
| Mr.A.K. Jatia | 44,000 | - | - | - | 44,000 |
| Mr.V.P. Leekha | - | 54,00,000 | 22,72,804 | - | 76,72,804 |
| Mr. S.K. Bansal | - | 45,24,000 | 11,92,431 | - | 57,16,431 |
| Mr.B.C. Dalal | 42,000 | - | - | - | 42,000 |
| Mr.V.K. Beswal | 20,000 | - | - | - | 20,000 |

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- 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 V.P. Leekha and S.K. Bansal are for a period of five years each 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.
- Messrs. V.O. Somani, R.N. Sethna, A.K. Jatia, B.C. Dalal, S.K. Bansal and V.K. Beswal held 2150, 5120, 19,50,894, Nil, 20 and Nil equity shares of ₹ 2/- each of the Company respectively.

Appointment of Directors:

Resolution have been proposed for the re-appointment of Messrs V.O. Somani, B.C. Dalal and V.K. Beswal as Directors of the Company on their retirement by rotation.

Special Resolution has also been proposed for payment of remuneration payable to Mr.V.P. Leekha as Chief Executive of the Company with effect from 01.04.2013 for the remainder of his tenure i.e. till 31.03.2014.

Special Resolution has also been proposed for payment of remuneration to Mr.S.K. Bansal, Whole-time Director of the Company with effect from 01.04.2012 for the remainder of his tenure.

- a) Mr.V.O. Somani was appointed as Non-Executive Director in 1974 and since then he has been reappointed from time to time on retirement by rotation. Mr.Somani has a long and varied business experience of over 50 years especially in the field of business administration and finance. He holds 2150 equity shares of the face value of ₹ 2/- each of the Company. He is Director of the following Companies:
Shree Madhu Industrial Estate Ltd., and Evinco Exim Ltd.,
He is not Chairman or member of any other Company's Committees.
- b) Mr.Bhupendra C. Dalal was appointed as an additional Director of the Company with effect from 13th June, 2009 and subsequently he was appointed as a Director at the Annual General Meeting held on 28th August, 2010.
Mr.Dalal is B.Com., LL.B and comes from a reputed business family and has over 50 years of experience in Business. He is also an Advocate. He does not hold any shares of the Company. He is Director of following Companies:
Nildeep Investment Company Pvt.Ltd., Oceanic Investments Ltd., Foods & Inns Limited and Cifco Ltd.
He is not a Chairman or a member of any other Company's Committees.
- c) Mr.Vinod Kumar Beswal was appointed as an additional Director of the Company with effect from 1st December, 2011 and subsequently he was appointed as a Director at the Annual General Meeting held on 25th August, 2012.
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. Such paper fetches higher prices and have higher cost of input compared to normal paper segment. The Company continues to upgrade the existing quality of papers, develop and introduce new papers in the market with thrust on exporting such papers to European countries. The specialty paper segment has been virtually stagnant in view of wide spread usage of plastics. The increasing awareness about negative aspects of usage of plastics, though does ultimately mean increased usage of specialty paper, however, consumption of the paper takes substantially longer time to

completely replace the plastics. This though makes long-term outlook encouraging, the unfair competition from imports, particularly in specialty paper segment does pose an impediment to growth in the business of specialty paper in short-term. The Company continues to intensify its efforts on cost reduction within the existing constraints of import of quality raw material, depreciating Rupee and higher energy costs.

The Company received a tax free profit of ₹16.60 crores being its share from the Partnership Firm carrying the Real Estate activity at Pune consequent upon this years' completion of 188 mid-sized luxurious flats comprising two buildings. The project is progressing satisfactorily and so far out of 658 flats which are to be completed in a phased manner, 282 flats have been fully constructed.

The existing internal controls of the Company are periodically reviewed by the audit Committee and are considered quite 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. 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 three non Executive Directors, out of which two are independent Directors, namely Messrs. 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 2012-2013 viz the first for consideration of Annual Accounts for the year ending 31st March, 2012, the second for consideration of quarterly results for the quarter ending 30th June,2012, the third for consideration of quarterly/half-yearly results for the quarter ending 30th September, 2012, and the fourth for considering quarterly results for the quarter ending 31st December, 2012 respectively. 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.

During the year 2012-2013, the Company received 24 complaints from investors and 3 complaints were 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, 2013 there was no transfer of shares held in physical forms are pending for approval. The transfers are dealt with, invariably, within 15 days 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 in accordance with the law laid down under the Companies Act, 1956
- Two meetings of the Remuneration Committee were held during the year 2012-13.

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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 28th August, 2010, 27th August, 2011 and 25th August, 2012 at 9.00 a.m. (ST).

- (i) No special resolutions were passed at the Annual General Meeting held on 28th August, 2010 & 27th August, 2011. Special Resolution for continuation of remuneration payable to Mr.S.K. Bansal, the Whole-time Director for the remaining period of his appointment i.e. from 01.04.2012 to 31.03.2014 was passed at the Annual General Meeting held on 25th August, 2012.
- (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.

Two Special Resolutions are proposed to be moved at the ensuing Annual General Meeting.

Disclosures

- (a) As disclosed in the accompanying accounts, wherever required, full provision has been made relating to transactions with subsidiary and associate Companies.
- (b) 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.
- (c) No personnel has been denied access to the Audit Committee;
- (d) All the mandatory requirements of the revised Clause 49 of the listing agreement have been complied with as detailed in this annexure "B". Non-mandatory requirements have been complied with in so far as they relate to appointment of remuneration committee and having unqualified financial statements.
- (e) 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

- (a) 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).
- (b) These results are also posted on Company's website www.pudumjee.com.
- (c) The Company has created a dedicated E-mail ID for investor's complaints viz. inv_compl_ppm@pune.pudumjee.com
- (d) The Management Discussion and Analysis is part of the Annual Report of the Directors to the Shareholders of the Company.
- (e) 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, 24th August, 2013 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 : 13th August, 2013 to 24th August, 2013.
 Last date for receipt Of Proxy Form : 22nd August, 2013 (before 9.00 a.m.)
 Dividend Payment Date : 3rd September, 2013.
 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, 3 rd Floor, R.B. Kumthekar Marg, 752, Sadashiv Peth, PUNE 411 030. | PADPU 2440 |
| 2. | Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejibhoy Towers 25 th Floor, Dalal Street, MUMBAI 400 001. | 500343 |
| 3. | The National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), MUMBAI 400 051. | PDUMJEPULP |

Listing fees paid : Listing fees for the year 2013-2014 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, 2012 | 19.50 | 16.10 | 19.00 | 16.15 | 6698.51 |
| May, 2012 | 17.90 | 12.70 | 17.05 | 12.55 | 6280.04 |
| June, 2012 | 16.45 | 14.20 | 16.25 | 14.20 | 6682.47 |
| July, 2012 | 16.70 | 13.25 | 16.95 | 13.35 | 6605.70 |
| August, 2012 | 16.15 | 11.90 | 16.10 | 12.00 | 6632.34 |
| Sept., 2012 | 15.15 | 10.00 | 15.25 | 11.50 | 7206.51 |
| Oct. 2012 | 14.70 | 13.10 | 15.44 | 13.12 | 7118.77 |
| Nov., 2012 | 15.80 | 12.40 | 16.44 | 12.70 | 7472.45 |
| Dec. 2012 | 14.75 | 13.00 | 15.00 | 12.90 | 7581.57 |
| Jan. 2013 | 15.60 | 12.65 | 15.96 | 13.50 | 7665.74 |
| Feb. 2013 | 14.75 | 13.10 | 14.88 | 13.50 | 7163.69 |
| March 2013 | 14.00 | 10.35 | 13.90 | 10.01 | 7084.96 |

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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, 2013 :(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 | 7930 | 4734434 |
| Banks/Institutions | 141195 | 0.34 | 5001-10000 | 372 | 1442079 |
| Bodies Corporate | 4044389 | 9.86 | 10001-50000 | 298 | 3234161 |
| Public | 11805808 | 28.80 | 50001-100000 | 34 | 1273872 |
| | | | 100000 & above | 50 | 30315454 |
| Total | 41000000 | 100.00 | | 8684 | 41000000 |

- (g) Dematerialization of Shares : Approximately 96.94% of the shares are held in dematerialized form as on 31st March, 2013.
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 share holders 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 total Unclaimed shares transferred to this account were 4,00,585 equity shares under 518 folios and out of this 1 shareholder for 500 equity shares has claimed upto 31st March, 2013.

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- (i) Liquidity : The total number of shares transferred in the non demat segments during 2012-2013 was 10205.
- (j) Plant Location : Thergaon, Pune 411 033.
- (k) (i) Investors Correspondence : Karvy Computershare Pvt.Ltd.
(for transfer/dematerialization and any other inquiry relating to the shares of the Company) : 17-24, Vittal Rao Nagar, Madhapur, 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 Investor Complaints : inv_compl_ppm@pune.pudumjee.com
- (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' Report : The Auditors have not expressed any qualification or adverse remark in their Report.

On behalf of the Board of Directors,

R.N. Sethna
Director

A.K. Jatia
Director.

Mumbai

Dated : 23rd May, 2013.

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, 2013.

Mumbai,

Dated : the 23rd day of May, 2013.

S.K. BANSAL
Chief Financial Officer

PUDUMJEE PULP & PAPER MILLS LIMITED

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
Pudumjee Pulp & Paper Mills Ltd.,
Thergaon Pune 411033.

We have examined the compliance of conditions of Corporate Governance by **Pudumjee Pulp & Paper Mills Limited**, for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of 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
Proprietor.
Membership No. 16203

Place : Mumbai,
Dated : 23rd May, 2013.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Pudumjee Pulp & Paper Mills Ltd.,

Report on the Financial Statements:

We have audited the accompanying financial statements of **Pudumjee Pulp and Paper Mills Ltd.** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - e. On the basis of the written representations received from directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Y.P. SHUKLA
Proprietor.
Membership No. 16203

Place: Mumbai,
Dated: 23rd May, 2013.

PUDUMJEE PULP & PAPER MILLS LIMITED

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even 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 ₹. 3800.28 lacs during the year to two Companies, covered in the register maintained under Section 301 of the Companies Act, 1956.
 - 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, 2013 for a period of more than six months from the date they became payable;
 - c) The disputed Statutory dues aggregating ₹.155.88 lacs that have not been deposited on account of disputes and matters pending before appropriate authorities are as under:-

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| 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) | 4.46 |
| 5. | Customs | CESTAT | 68.32 |
| 6. | Service Tax | CESTAT (Service Tax) (Dy.Commissioner) | 1.58 |

- 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
Proprietor.
Membership No. 16203

Place : Mumbai,
Dated : 23rd May, 2013.

PUDUMJEE PULP & PAPER MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

| | Note No. | AS AT 31.03.2013 ₹ in lacs | AS AT 31.03.2012 ₹ in lacs |
|------------------------------------|-------------|----------------------------------|----------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 820.00 | 820.00 |
| (b) Reserves and Surplus | 2 | 12,728.33 | 11,366.75 |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 3 | 7,569.97 | 6,302.90 |
| (b) Deferred tax liabilities (Net) | | 1,616.00 | 1,632.00 |
| (c) Other Long-term Liabilities | 4 | 1,454.74 | 2,134.58 |
| (d) Long term provisions | 5 | 614.03 | 712.90 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 6 | 357.44 | 1,415.22 |
| (b) Trade payables | 7 | 2,110.99 | 3,359.18 |
| (c) Other current liabilities | 8 | 2,268.41 | 2,694.93 |
| (d) Short-term provisions | 9 | 205.06 | 209.97 |
| Total | | 29,744.97 | 30,648.43 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 | 10,996.17 | 10,431.31 |
| (ii) Intangible assets | | 21.69 | 26.22 |
| (iii) Capital work-in-progress | | 5,726.19 | 5,934.11 |
| (b) Non-current investments | 11 | 345.31 | 345.31 |
| (c) Long term loans and advances | 12 | 6,166.68 | 4,727.77 |
| (2) Current assets | | | |
| (a) Current investments | 13 | 501.61 | — |
| (b) Inventories | 14 | 2,728.21 | 5,973.30 |
| (c) Trade receivables | 15 | 2,305.65 | 2,024.57 |
| (d) Cash and Bank Balances | 16 | 93.69 | 121.95 |
| (e) Short term loans & Advances | 17 | 859.77 | 1,063.89 |
| Total | | 29,744.97 | 30,648.43 |

OTHER NOTES AS PER NOTE '25'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

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

On behalf of the Board,

R.N. SETHNA
Director

A. K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

| | Note No. | <u>2012-2013</u> ₹ in lacs | <u>2011-2012</u> ₹ in lacs |
|---|-------------|-------------------------------|-------------------------------|
| I. a) Revenue from operations | 18 | 20,324.41 | 22,877.58 |
| Less : Excise Duty | | 1,078.67 | 1,059.70 |
| | | <u>19,245.74</u> | <u>21,817.88</u> |
| b) Profit from firm in Real Estate Activity | | 1,660.06 | 690.60 |
| Net Revenue from Operations (a+ b) | | <u>20,905.80</u> | <u>22,508.48</u> |
| II. Other Income | 19 | 517.23 | 382.24 |
| III. Total Revenue (I + II) | | <u><u>21,423.03</u></u> | <u><u>22,890.72</u></u> |
| IV. Expenses: | | | |
| (1) Cost Of Materials Consumed | 20 | 8,629.71 | 11,999.22 |
| (2) Trade Purchases | | 213.70 | 472.34 |
| (3) Changes in Inventories of Finished Goods, Work-in-Process and Stock in Trade | 21 | 1,209.26 | (1,565.46) |
| (4) Employees Cost | 22 | 2,113.62 | 2,097.76 |
| (5) Finance Cost | 23 | 697.01 | 441.61 |
| (6) Foreign Exchange Loss/(Gain) | | 128.43 | 361.86 |
| (7) Depreciation and Amortization | 10 | 848.42 | 782.64 |
| (8) Other Expenses | 24 | 5,914.68 | 6,998.17 |
| Total Expenses | | <u>19,754.83</u> | <u>21,588.14</u> |
| V. Profit before Exceptional and Extraordinary items and tax (III-IV) | | 1,668.20 | 1,302.58 |
| VI. Exceptional items/Extraordinary Items | | — | — |
| VII. PROFIT BEFORE TAX (V- VI) | | <u>1,668.20</u> | <u>1,302.58</u> |
| VIII. Tax expense: | | | |
| (1) Current tax | | 3.00 | 118.00 |
| (2) Deferred tax / (Savings) | | (16.00) | 58.00 |
| IX. Profit for the Year (VII-VIII) | | <u><u>1,681.20</u></u> | <u><u>1,126.58</u></u> |
| X. Earning per equity share:(Face value ₹. 2 per share) | | | |
| (1) Basic | | 4.10 | 2.75 |
| (2) Diluted | | 4.10 | 2.75 |
| (See Note No.25.16 of Note "25") | | | |

OTHER NOTES AS PER NOTE '25'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

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

On behalf of the Board,

R.N. SETHNA
Director

A.K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2013**

| | <u>AS AT 31.03.2013</u> ₹ in Lacs | <u>AS AT 31.03.2012</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 :-

| Particulars | <u>AS AT 31.03.2013</u> No. of Shares | <u>AS AT 31.03.2012</u> 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 | <u>AS AT 31-03-013</u> | | <u>AS AT 31-03-2012</u> | |
|-----------------------------|----------------------------|--------------|-----------------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Thacker & Co. Ltd. | 4,301,856 | 10.49 | 4,301,856 | 10.49 |
| Pudumjee Industries Limited | 3,412,850 | 8.32 | 3,412,850 | 8.32 |
| Suma Commercial Pvt. Ltd. | 2,873,036 | 7.01 | 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, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|--|----------------------------------|----------------------------------|
| NOTE '2' - RESERVES & SURPLUS | | |
| GENERAL RESERVE | | |
| As per last Balance Sheet | 7,300.00 | 7,200.00 |
| Add : Transfer from Profit & Loss Account | 150.00 | 100.00 |
| | <u>7,450.00</u> | <u>7,300.00</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 |
| SURPLUS IN PROFIT AND LOSS ACCOUNT | | |
| Balance in Profit & Loss Account | 2,347.67 | 1,464.04 |
| Add : | | |
| Profit for the Year | <u>1,681.20</u> | <u>1,126.58</u> |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | 4,028.87 | 2,590.62 |
| APPROPRIATIONS : | | |
| Proposed Dividend on Equity | | |
| Shares (Free of Tax) | 123.00 | 123.00 |
| Tax on Proposed Dividend | 20.90 | 19.95 |
| Transfer to General Reserve | <u>150.00</u> | <u>100.00</u> |
| | <u>293.90</u> | <u>242.95</u> |
| | <u>3,734.97</u> | <u>2,347.67</u> |
| | <u>12,728.33</u> | <u>11,366.75</u> |

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|--|----------------------------------|----------------------------------|
| NOTE '3' - LONG TERM BORROWINGS | | |
| (A) Secured Borrowings | | |
| FROM BANKS | | |
| TERM LOAN | 1,365.28 | 1,761.11 |
| (Secured by first charge on the Assets at Mahad, specifically purchased therefrom) | | |
| (See Note (a) below) | | |
| TERM LOAN | 366.66 | 1,200.00 |
| (Secured by first charge on the Assets at Mahad, specifically purchased therefrom) | | |
| (See Note (b) below) | | |
| TERM LOAN | 531.00 | 711.00 |
| (Secured by first charge on the Assets at Sadawaghapur, specifically purchased therefrom) | | |
| (See Note (c) below) | | |
| TERM LOAN | 688.50 | — |
| (Secured by first charge on the Assets at Jath specifically purchased therefrom) | | |
| (See Note (d) below) | | |
| TERM LOAN | — | — |
| (Secured by other Assets) * | | |
| (See Note (e) below) | | |
| TERM LOAN | 475.00 | — |
| (Secured by pari passu first charge on immoveable assets at pune.) | | |
| (See Note (f) below) | | |
| FROM OTHER FINANCIAL INSTITUTION | | |
| TERM LOAN | 34.04 | — |
| (Secured by vehicle purchased therefrom) * | | |
| (See Note (g) below) | | |
| Total (A) | <u>3,460.48</u> | <u>3,672.11</u> |

Notes:

- (a) Excluding ₹. 427.78 lacs (Last year ₹.138.89 lacs) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 18 equal quartely installments beginning with 04.02.2013.
- (b) Excluding ₹. 833.34 lacs (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 18 equal quartely installments beginning with 14.08.2013.
- (c) Excluding ₹. 180.00 lacs (Last year ₹. 180 lacs) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 20 equal quartely installments beginning with 21.06.2012.
- (d) Excluding ₹. 129.00 lacs (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 20 equal quartely installments beginning with 25.09.2013.
- (e) Excluding ₹. Nil lacs (Last year ₹. 93.68 lacs) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 15 equal quartely installments beginning with 24.12.2008.

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2013 (Contd.)**

- (f) Excluding ₹.25.00 (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 20 equal quarterly installments beginning with 16.01.2014.
- (g) Excluding ₹. 13.09 (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 60 Monthly installments beginning with 15.12.2012.
- (h) 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.

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|--|---|---|
| (B) Unsecured Borrowings | | |
| Fixed Deposits from Public/Shareholders * | 2,473.80 | 952.85 |
| (See Note (a) below) | | |
| Deposit from Associates | 110.00 | 110.00 |
| Deferred Sales Tax Liability | 1,525.69 | 1,567.94 |
| (See Note (b) below) | | |
| Total (B) | 4,109.49 | 2,630.79 |
| Total Long term borrowings (A) +(B) | 7,569.97 | 6,302.90 |

Notes:

- (a) Excluding (i) ₹. 58.40 lacs (Last year ₹. 62.20 lacs) being deposits for 1 year shown under "Short Term Borrowings" under Note No 6, and (ii) ₹. 416.43 lacs (Last year ₹. 1771.74 lacs) shown under "Current maturities of Long Term Fixed Deposits" under Note No.8.
- (b) Excluding ₹. 42.25 lacs (Last year ₹. 6.62 lacs) 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, 2013 (Contd.)**

| | AS AT 31.03.2013 | AS AT 31.03.2012 |
|---|-----------------------------|-----------------------------|
| | ₹ in Lacs | ₹ in Lacs |
| NOTE '4' - OTHER LONG TERM LIABILITIES | | |
| Other Long Term Liability | 1,129.33 | 1,769.40 |
| Sundry Creditors | 325.41 | 365.18 |
| | <u>1,454.74</u> | <u>2,134.58</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 | 1,756.26 |
| 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 | 15.23 | — |
| | <u>554.97</u> | <u>539.74</u> |
| Less : Debts & Advances considered Doubtful per contra | 554.97 | 364.02 |
| | <u>—</u> | <u>175.72</u> |
| Less : Surplus provision shown under Reserves & Surplus | — | 175.72 |
| | <u>—</u> | <u>—</u> |
| Provision for Taxation (Less:Advance Tax etc.) | 27.82 | 173.33 |
| Provision for Gratuity | 586.21 | 539.57 |
| | <u>614.03</u> | <u>712.90</u> |

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | | AS AT 31.03.2012 ₹ in Lacs |
|---|----------------------------------|-----------------|----------------------------------|
| NOTE '6' - SHORT TERM BORROWINGS | | | |
| (A) Secured Borrowings from Bank | | | |
| Cash Credit repayable on demand | 217.89 | | 1,293.12 |
| (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) | | | |
| Total (A) | <u>217.89</u> | | <u>1,293.12</u> |
| (B) Unsecured Borrowings from others | | | |
| Fixed Deposits | 58.40 | 62.20 | |
| Others Deposits | <u>81.15</u> | <u>59.90</u> | 122.10 |
| Total (B) | <u>139.55</u> | | <u>122.10</u> |
| Total short term borrowings(A) +(B) | <u><u>357.44</u></u> | | <u><u>1,415.22</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 | 915.65 | 1,975.61 | |
| Sundry Creditors | <u>1,195.34</u> | <u>1,383.57</u> | 3,359.18 |
| | <u>2,110.99</u> | | <u>3,359.18</u> |
| NOTE '8' - OTHER CURRENT LIABILITIES | | | |
| Current Maturities of Long Term Debts: | | | |
| Fixed Deposits | 416.43 | 1,771.74 | |
| Secured Debts | 1,608.21 | 412.57 | |
| Unsecured Debts | <u>42.25</u> | <u>6.62</u> | 2,190.93 |
| Unclaimed dividend | | 16.73 | 15.13 |
| Unclaimed Matured Fixed Deposits | | 39.37 | 22.27 |
| Unclaimed Interest On Fixed Deposits | | 3.84 | 1.99 |
| Interest on Loans accrued but not due on borrowing | | 86.14 | 212.32 |
| Creditors for Capital Goods | | 0.42 | 235.10 |
| Advances from customers | | 50.83 | 12.90 |
| Others payables | | 4.19 | 4.29 |
| | | <u>2,268.41</u> | <u>2,694.93</u> |
| NOTE '9' - SHORT TERM PROVISIONS | | | |
| Provision for Leave Encashment | 82.06 | | 86.97 |
| Proposed Dividend | 123.00 | | 123.00 |
| | <u>205.06</u> | | <u>209.97</u> |

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)

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

| TYPE OF ASSETS | Cost upto 31.3.2012 | Additions/ Transfers during the year | Deductions/ Transfers during the year | Balance Cost upto 31.03.2013 | Depreciation / Impairment upto 31.3.2012 | Depreciation / Amortisation for the year | Depreciation on sold/ Transfer of Assets and on deductions written back | Depreciation/ Impairment Balance as on 31.03.2013 | Net Book Value as on 31.03.2013 | Net Book Value as on 31.3.2012 |
|--------------------------|---------------------|--------------------------------------|---------------------------------------|------------------------------|--|--|---|---|---------------------------------|--------------------------------|
| TANGIBLE ASSETS | | | | | | | | | | |
| Land - Freehold | 40.89 | - | - | 40.89 | - | - | - | - | 40.89 | 40.89 |
| - Leasehold | 1,134.74 | - | - | 1,134.74 | 8.35 | 15.63 | - | 23.98 | 1,110.76 | 1,126.39 |
| Buildings Under Lease | 395.26 | - | - | 395.26 | 97.18 | 6.44 | - | 103.62 | 291.64 | 298.08 |
| Buildings - Others | 2,244.76 | 87.85 | - | 2,332.61 | 895.25 | 55.28 | - | 950.53 | 1,382.08 | 1,349.51 |
| Machinery | 22,316.94 | 1,272.55 | - | 23,589.49 | 14,865.30 | 725.19 | (2.47) | 15,592.96 | 7,996.53 | 7,451.64 |
| Laboratory Equipments | 24.08 | - | - | 24.08 | 16.34 | 1.18 | - | 17.52 | 6.56 | 7.74 |
| Furniture & Fixtures | 416.81 | 7.93 | 0.34 | 424.40 | 340.13 | 12.43 | 0.27 | 352.29 | 72.11 | 76.68 |
| Vehicles | 243.03 | 45.72 | 61.43 | 227.32 | 162.65 | 25.16 | 56.09 | 131.72 | 95.60 | 80.38 |
| Total (A) | 26,816.51 | 1,414.05 | 61.77 | 28,168.79 | 16,385.20 | 841.31 | 53.89 | 17,172.62 | 10,996.17 | 10,431.31 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Computer Software | 99.80 | 2.58 | - | 102.38 | 73.58 | 7.11 | - | 80.69 | 21.69 | 26.22 |
| Total (B) | 99.80 | 2.58 | - | 102.38 | 73.58 | 7.11 | - | 80.69 | 21.69 | 26.22 |
| Total (A+B) | 26,916.31 | 1,416.63 | 61.77 | 28,271.17 | 16,458.78 | 848.42 | 53.89 | 17,253.31 | 11,017.86 | 10,457.53 |
| Previous year | 24,546.97 | 2,375.28 | 5.94 | 26,916.31 | 15,676.56 | 782.64 | 0.42 | 16,458.78 | 10,457.53 | 8,870.41 |

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | | AS AT 31.03.2012 ₹ 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 |
| 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 | Equity shares of Pudumjee Industries Ltd. of ₹ 2/- each fully paid (quoted) | 110.06 | 110.06 |
| 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 |
| Trade Investment (Preference) | | | |
| Investment in Subsidiary Companies : | | | |
| 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 |
| | | <u>704.31</u> | <u>704.31</u> |
| | Less: Provision for Diminution in value of Long term Investments deducted per contra | 359.00 | 359.00 |
| | | <u>345.31</u> | <u>345.31</u> |
| Aggregate amount of quoted investments | | | |
| | Cost | 110.06 | 110.06 |
| | Market Value | 86.11 | 154.06 |
| Aggregate amount of unquoted investments | | | |
| | Cost | 294.25 | 294.25 |
| NOTE '12' - LONG TERM LOANS & ADVANCES | | | |
| (Unsecured, Considered good unless otherwise stated) | | | |
| | Prepaid Expenses | 2.44 | 2.59 |
| | Security Deposits | 45.59 | 44.84 |
| | Less : Provision for Doubtful Advances deducted per contra | 0.81 | 44.84 |
| | | 44.78 | — |
| | Loans & Advances to Subsidiary/Associates | 5,851.46 | 4,406.48 |
| | Others Advances | 302.75 | 308.08 |
| | Less : Provision for Doubtful Advances deducted per contra | 34.75 | 34.22 |
| | | <u>6,166.68</u> | <u>4,727.77</u> |
| NOTE '13' - CURRENT INVESTMENTS | | | |
| CURRENT INVESTMENTS IN MUTUAL FUNDS (unquoted) (EACH VALUED ON LOWER OF COST OR FAIR VALUE) | | | |
| 14,773 | (Last Year Nil) Units of Reliance Liquid Fund. of ₹ 1000/- each fully paid | 225.84 | — |
| 17,565 | (Last Year Nil) Units of IDFC Cash Fund. of ₹ 1000/- each fully paid | 175.70 | — |
| 99,771 | (Last Year Nil) Units of Reliance Liquid Fund. of ₹ 100/- each fully paid | 100.07 | — |
| | | <u>501.61</u> | <u>—</u> |
| Aggregate amount of unquoted investments | | | |
| | Cost | 501.61 | — |

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | | AS AT 31.03.2012 ₹ in Lacs |
|--|----------------------------------|-----------------|----------------------------------|
| NOTE '14' - INVENTORIES | | | |
| Raw material (At cost) | 244.68 | | 1,613.73 |
| Raw material in Transit (At Cost) | — | | 571.67 |
| Work-in-process (At cost) | 331.44 | | 687.11 |
| Finished Paper (At lower of cost or market value.) | 1,177.59 | | 2,031.18 |
| Stores, Spare Parts Etc.(At Cost) | 935.88 | | 1,068.29 |
| Stores, Spare Parts Etc. in Transit (At Cost) | 37.28 | | — |
| Loose Tools (At Cost) | 1.34 | | 1.35 |
| | <u>2,728.21</u> | | <u>5,973.30</u> |
| NOTE '15' - TRADE RECEIVABLES (Unsecured) | | | |
| Debts outstanding for a period exceeding six months from due date | | | |
| Considered Good | 121.02 | 205.37 | |
| Considered Doubtful | 511.57 | 324.80 | |
| | <u>632.59</u> | <u>530.17</u> | |
| Other Debts | | | |
| Considered Good | 2,184.63 | 1,819.20 | |
| Considered Doubtful | 2.62 | — | |
| | <u>2,819.84</u> | <u>2,349.37</u> | |
| Less : Provision for Doubtful Debts deducted per contra | 514.19 | 324.80 | |
| | <u>2,305.65</u> | <u>2,024.57</u> | 2,024.57 |
| | <u>2,305.65</u> | | <u>2,024.57</u> |
| NOTE '16' - CASH & BANK BALANCES | | | |
| Cash on hand as per books | 8.83 | | 9.75 |
| Deposit with Bank for Margin Money (with maturity beyond 12 months) | 9.00 | | 9.00 |
| On other Deposit account with Bank | 5.00 | | 7.00 |
| On other accounts with Banks | 29.89 | | 45.31 |
| Cheques on hand | 24.24 | | 35.75 |
| Unpaid Dividends account with Banks | 16.73 | | 15.14 |
| | <u>93.69</u> | | <u>121.95</u> |
| NOTE '17' - SHORT TERM LOANS & ADVANCES | | | |
| (Unsecured, Considered Good, other than related parties) | | | |
| Prepaid Expenses | 48.24 | | 62.64 |
| Security Deposits | 1.73 | | 1.94 |
| Capital Advances | 2.87 | | 193.80 |
| Advance Income Tax for Current year (Less Provision for Current year Tax) | 63.45 | | 99.00 |
| Advances to employees of the Company | 14.31 | | 14.00 |
| Balance with Government Authorities | 259.81 | 468.64 | |
| Advance to Suppliers | 317.13 | 114.91 | |
| Sundry Advances | 157.45 | 113.96 | |
| | <u>734.39</u> | <u>697.51</u> | |
| Less : Provision for Doubtful Advances deducted per contra | 5.22 | 5.00 | 692.51 |
| | <u>729.17</u> | <u>5.00</u> | <u>692.51</u> |
| | <u>859.77</u> | | <u>1,063.89</u> |

**NOTES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013**

| | Year Ended 31.03.2013 | | Year Ended 31.03.2012 |
|---|--------------------------|-----------|--------------------------|
| | ₹ in Lacs | | ₹ in Lacs |
| NOTE '18' - REVENUE FROM OPERATIONS | | | |
| PAPER | 18,400.93 | 20,918.35 | |
| Less : Excise Duty | 1,078.19 | 1,059.36 | 19,858.99 |
| TRADE SALE | 228.22 | | 489.24 |
| MISCELLANEOUS SALES | 58.22 | 68.33 | |
| Less : Excise Duty | 0.48 | 0.34 | 67.99 |
| PROCESSING AND OTHER CHARGES | 1,524.55 | | 1,320.02 |
| OTHER OPERATING REVENUE | 112.49 | | 81.64 |
| | <u>19,245.74</u> | | <u>21,817.88</u> |
| NOTE '19' - OTHER INCOME | | | |
| DIVIDENDS | | | |
| Others | 9.48 | | 26.93 |
| MISCELLANEOUS INCOME | 27.63 | | 27.63 |
| INTEREST RECEIVED FROM OTHERS | 473.42 | | 327.68 |
| PROFIT ON SALE/TRANSFER OF FIXED ASSETS (NET) | 6.97 | | — |
| | <u>517.23</u> | | <u>382.24</u> |
| NOTE '20' - COST OF MATERIAL CONSUMED | | | |
| CONSUMPTION OF RAW MATERIALS | 6,950.46 | | 10,337.83 |
| CONSUMPTION OF STORES, COLOURS,CHEMICALS etc. | 1,679.25 | | 1,661.39 |
| | <u>8,629.71</u> | | <u>11,999.22</u> |
| NOTE '21' - CHANGE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROCESS AND STOCK-IN-TRADE | | | |
| STOCK AT COMMENCEMENT | | | |
| Finished Paper | 2,031.18 | 796.50 | |
| Work-in-Process | | | |
| - Pulp | 12.85 | 30.23 | |
| - Paper | 674.26 | 326.10 | 1,152.83 |
| STOCK AT CLOSE | | | |
| Finished Paper | 1,177.59 | 2,031.18 | |
| Work-in-Process | | | |
| - Pulp | 1.78 | 12.85 | |
| - Paper | 329.66 | 674.26 | 2,718.29 |
| | <u>1,209.26</u> | | <u>(1,565.46)</u> |
| NOTE '22' - EMPLOYEES' COST | | | |
| SALARIES,WAGES,BONUS etc. | | | |
| Salaries,Wages,gratuity & Bonus | 1,820.00 | | 1,799.31 |
| Contribution to Provident & Other Funds(Including Administrative Charges) | 187.87 | | 173.20 |
| Employees State Insurance | 4.42 | | 6.05 |
| Workmen & Staff Welfare Expenses | 101.33 | | 119.20 |
| | <u>2,113.62</u> | | <u>2,097.76</u> |

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)**

| | Year Ended 31.03.2013 ₹ in Lacs | Year Ended 31.03.2012 ₹ in Lacs |
|--|---------------------------------------|---------------------------------------|
| NOTE '23' - INTEREST & FINANCIAL COST | | |
| INTEREST ON BORROWINGS | 637.81 | 502.63 |
| OTHER FINANCIAL CHARGES | <u>115.03</u> | <u>107.51</u> |
| | 752.84 | 610.14 |
| LESS: INTEREST RECEIVED ON TRADE DEBTS | <u>55.83</u> | <u>168.53</u> |
| | <u>697.01</u> | <u>441.61</u> |
| NOTE '24' - OTHER EXPENSES | | |
| FUEL, POWER & WATER | 4,216.98 | 4,961.97 |
| RENT | 5.84 | 5.24 |
| RATES & TAXES | 46.21 | 45.66 |
| REPAIRS & MAINTENANCE | | |
| Machinery | 584.04 | 655.68 |
| Buildings | 45.31 | 56.07 |
| Others | <u>9.81</u> | <u>8.74</u> |
| | 639.16 | 720.49 |
| INSURANCE | 18.58 | 14.33 |
| PACKING,CARTAGE,CUTTING, | 381.79 | 384.76 |
| DEVELOPMENT & RESEARCH EXPENSES | 69.78 | 96.90 |
| COMMISSION ON SALES | 218.27 | 216.95 |
| DIRECTORS' FEES | 1.63 | 1.73 |
| EXCISE DUTY ON STOCK | (53.79) | 91.31 |
| LOSS ON SALE/TRANSFER OF ASSETS (NET) | — | 4.75 |
| BAD DEBTS & ADVANCES WRITTEN OFF | — | 82.76 |
| PROVISION FOR DOUBTFUL DEBTS | 15.23 | — |
| OFFICE & MISCELLANEOUS EXPENSES | <u>355.00</u> | <u>371.32</u> |
| | <u>5,914.68</u> | <u>6,998.17</u> |

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

31ST MARCH, 2013

NOTE '25'

| | <u>2012-2013</u> ₹ in Lacs | <u>2011-2012</u> ₹ in Lacs |
|---|-------------------------------|-------------------------------|
| 25.01 The value of raw materials consumed | | |
| Pulp | 6,561.47 | 9,968.26 |
| Waste Paper | 388.99 | 369.57 |
| 25.02 Trade Purchases | | |
| Pulp | 204.94 | 165.89 |
| Others | 8.76 | 282.22 |
| 25.03 Value of direct imports calculated on CIF basis during the financial year | | |
| Raw Material | 4414.65 | 8339.24 |
| Components & Spare Parts | 125.48 | 254.97 |
| Capital Goods | 89.62 | 945.99 |
| Goods for resale | — | 370.28 |
| 25.04 Expenditure in foreign currency during the financial year on account of | | |
| Royalty, know-how, interest, professional consultation, travelling, subscription and periodicals etc. | 2.91 | 101.30 |
| 25.05 Value of raw materials, spare parts and component consumed during the financial year and the percentage thereof | | |
| | <u>2012-13</u> | <u>2011-2012</u> |
| | Value ₹ in Lacs | Value ₹ in Lacs |
| Direct Imports | 6,278.32 | 8,864.45 |
| Others | 672.14 | 1,473.38 |
| Total: | <u>6,950.46</u> | <u>10,337.83</u> |
| Spare Parts & Components: | | |
| Direct Imports | 188.60 | 225.54 |
| Others | 1,901.69 | 1,956.70 |
| Total: | <u>2,090.29</u> | <u>2,182.24</u> |
| | <u>2012-2013</u> ₹ in Lacs | <u>2011-2012</u> ₹ in Lacs |
| 25.06 Remittance In Foreign Currency On Account Of Dividend | | |
| The amount of dividend for the year 2011-2012 remitted in rupees into NRE Account of 206 (Last year 219) NRI shareholders holding 49,15,170 shares of ₹ 2/-each (Last year 49,33,293 of ₹ 2/-each) Equity shares | 14.75 | 14.80 |
| 25.07 Export of goods calculated on FOB basis | | |
| Export of goods calculated on FOB basis (Earning in foreign Exchange) | 260.13 | 255.52 |
| Deemed Exports. | 343.11 | 177.47 |
| | <u>603.24</u> | <u>432.99</u> |

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

25.08 Salary, Wages, gratuity and bonus (Schedule 'K') does not include a sum of ₹.88.62 lacs (Last year ₹.109.14 lacs) transferred to other accounts.

25.09 a) The company has acquired leasehold land, building and board manufacturing machine at Mahad Dist. Raigad last year, 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) Borrowing cost comprising interest etc. of ₹. 418.40 lacs (Last year ₹. 155.24 Lacs) and the expenses of ₹.14.85 lacs (Last year ₹. 62.73 lacs) relating to the aforesaid projects have been capitalized.

25.10 Payments made to Auditors:

| | 2012-2013 | 2011-2012 |
|------------------|------------------|------------------|
| | ₹ in Lacs | ₹ in Lacs |
| Audit fees | 3.00 | 1.75 |
| Taxation matters | 0.60 | 0.60 |
| Others | 1.95 | 1.65 |
| | 5.55 | 4.00 |

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 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:

| | AS AT | AS AT |
|---|-------------------|-------------------|
| | 31.03.2013 | 31.03.2012 |
| | ₹ in Lacs | ₹ in Lacs |
| i) Bank Guarantees and Letters of Credit in favour of suppliers of raw materials, spares etc.* | 2,111.08 | 1,976.85 |
| ii) Guarantee for other Companies * | 1,435.00 | 736.67 |
| iii) Claims against the Company not acknowledged as debts for excise duty, property tax and commercial claims etc. ** | 619.98 | 725.77 |

* 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 | 44.60 | 768.86 |
|--|--------------|--------|

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)

| | <u>AS AT</u> <u>31.03.2013</u> | <u>AS AT</u> <u>31.03.2012</u> |
|---|-----------------------------------|-----------------------------------|
| Basic/Diluted EPS: | | |
| (a) Net Profit after tax as per Profit & Loss Account : | | |
| After current and deferred Tax | ₹ 1,681.20 lacs | ₹ 1,126.58 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) | ₹ 4.10 | ₹ 2.75 |

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

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

| | AS AT | AS AT |
|--|---------------------|-------------------|
| | 31.03.2013 | 31.03.2012 |
| | ₹ in Lacs | ₹ in Lacs |
| In respect of Depreciation | 2,092 | 2,042 |
| In respect of allowances and disallowances under various provisions of Income Tax Act. | (476) | (410) |
| Net Deferred Tax Liability | <u>1,616</u> | <u>1,632</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, 2013.

25.18 A Dividend of Re.0.30 (Last year Re.0.30) per equity share of ₹.2/- each has been proposed for the current year amounting to ₹. 123 lacs (Last year ₹. 123 lacs) excluding ₹. 20.90 lacs (Last year ₹ 19.95 lacs) of dividend Distribution tax.

25.19 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 Hygiene Products Limited.
- f) Pudumjee Holdings Limited.

C) Key Management personnel

Shri.V.P.Leeekha
Chief Executive Officer

Shri.S.K.Bansal
Wholetime Director

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NOTE '25' - (Contd.)

| D) Transactions with related Parties | 2012-13 (2011-2012) | | Maximum during the year | Key Management Personnel |
|--|-------------------------------|-------------------------------|--------------------------------|---------------------------------|
| | Subsidiary Company | Associate Companies | | |
| | ₹ in Lacs | | | |
| a) Interest bearing Inter Corporate Deposits lent during the year | 665.28 (924.40) | 3135.00 (5175.00) | | |
| b) Interest charged during the year | 40.78 (65.33) | 416.08 (218.43) | | |
| c) Inter Corporate Deposits /Advances etc.outstanding receivable as at 31 st March, 2013 including interest | | | | |
| Pudumjee- G : Corp Developers | | 127.00 (127.00) | 127.00 (127.00) | |
| Pudumjee Investments and Finance Company Limited | 1184.28 (592.89) | | 1184.28 (1488.37) | |
| Pudumjee Industries Limited | | 4,540.18 (3,686.59) | 4913.44 (4317.00) | |
| d) Sale / Processing charges of goods during the year | — | 1,652.13 (1,646.12) | | |
| e) Purchases made during the year | — | 9.58 (1,559.02) | | |
| f) Reimbursement of common services and utilities during the year. | — | 42.89 (88.76) | | |
| g) Remuneration | — | — | — | 184.92 (145.45) |
| h) Interest paid on fixed deposits | — | — | — | 0.57 (1.83) |
| i) Guarantees outstanding as at 31 st March, 2013 | — | 1,435.00 (736.67) | | |
| j) Debts outstanding as at 31 st March, 2013 | — | 153.03 (216.08) | 172.48 (405.15) | |
| k) Amount payable as at 31 st March 2013 | | 1,129.33 (1,769.40) | | |
| l) Deposits (Unsecured loans) outstanding as at 31 st March 2013 | — | 110.00 (110.00) | | |
| m) Share of Profit from firm | — | 1,660.06 (690.60) | | |

Note:The figures in bracket relate to earlier year.

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

| | 2012-2013 | | | |
|---|---------------------|--------------------|-------------------------|------------------|
| | (2011-2012) | | | |
| | ₹ in Lacs | | | |
| 25.20 SEGMENT REPORTING (Accounting standard 17) | | | | |
| Information about business segments. | Paper - Unit | Real Estate | Power Generation | TOTAL |
| SEGMENT REVENUE | | | | |
| From External Customers | 18,672.96 | 1,660.06 | 572.78 | 20,905.80 |
| | (21,518.80) | (690.60) | (299.08) | (22,508.48) |
| From Inter Segments | 572.78 | — | (572.78) | — |
| | (299.08) | — | 299.08 | — |
| Total Revenue | 19,245.74 | 1,660.06 | — | 20,905.80 |
| | (21,817.88) | (690.60) | — | (22,508.48) |
| SEGMENT RESULTS | 80.39 | 1,660.06 | 249.40 | 1,989.85 |
| Unallocated corporate expenses | (666.63) | (690.60) | (90.13) | (1,447.36) |
| | | | | 186.55 |
| | | | | (147.18) |
| Operating Profit | | | | 1,803.30 |
| | | | | (1,300.18) |
| Interest Expenses | | | | 673.83 |
| | | | | (520.74) |
| Interest Income | | | | 529.25 |
| | | | | (496.21) |
| Dividend Income | | | | 9.48 |
| | | | | (26.93) |
| Income in respect of Investments | | | | — |
| | | | | — |
| Income Taxes including Deferred Tax | | | | (13.00) |
| | | | | (176.00) |
| Profit from ordinary activities | | | | 1,681.20 |
| | | | | (1,126.58) |
| Extra Ordinary Income | | | | — |
| | | | | (—) |
| Net Profit as per Profit & Loss Account | | | | 1,681.20 |
| | | | | (1,126.58) |
| OTHER INFORMATION | | | | |
| Total carrying amount of Segment Assets | 20,591.41 | 127.00 | 2,893.34 | 23,611.75 |
| | (22,719.89) | (127.00) | (3,077.75) | (25,924.64) |
| Add: Unallocated Corporate Assets | | | | 6,133.22 |
| | | | | (4,624.79) |
| Total Assets as per Balance Sheet | | | | 29,744.97 |
| | | | | (30,549.43) |
| Total carrying amount of Segment Liabilities | 3,262.45 | 1,239.34 | 13.52 | 4,515.31 |
| | (4,482.05) | (1,879.40) | (238.61) | (6,600.06) |
| Add: Unallocated Corporate Liabilities | | | | 25,229.66 |
| | | | | (23,949.37) |
| Total Liabilities as per Balance Sheet | | | | 29,744.97 |
| | | | | (30,549.43) |
| Capital Expenditure incurred during the year | 1,097.80 | — | 110.91 | 1,208.71 |
| | (6,356.16) | — | (1,294.70) | (7,650.86) |
| Depreciation for the Year | 640.15 | — | 208.27 | 848.42 |
| | (628.85) | — | (153.79) | (782.64) |
| Other Non Cash Expenditure | — | — | — | — |
| | (-) | (-) | (-) | (-) |
| Sales Revenue by Geographical Segments | | | | |

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NOTE '25' - (Contd.)

| | | | | 2012-2013 (2011-2012) |
|---------------|------------------|-----------------|---------------|---------------------------------|
| | | | | ₹ in Lacs |
| WITHIN INDIA | 18,412.83 | 1,660.06 | 572.78 | 20,645.67 |
| | (21,263.28) | (690.60) | (299.08) | (22,252.96) |
| OUTSIDE INDIA | 260.13 | — | — | 260.13 |
| | (255.52) | — | — | (255.52) |
| | 18,672.96 | 1,660.06 | 572.78 | 20,905.80 |
| | (21,518.80) | (690.60) | (299.08) | (22,508.48) |

- 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 Turbines.
- iv) The figures in brackets relate to earlier year.

25.21 The details of the Joint Venture firm 'Pudumjee-G : Corp Developers' in which the company is partner 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 second & third building comprising of 188 flats having been completed during this financial year, the Profit & Loss Account of the Company includes its share of profit from the firm as ₹.1660.06 lacs (Last year ₹. 690.60 lacs)

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

| | (₹ in Lacs) | |
|-------------|-----------------|----------|
| | As on | As on |
| | 31.03.13 | 31.03.12 |
| Liabilities | 4221.90 | 5309.07 |
| Assets | 3286.96 | 3804.06 |
| Income | 5827.45 | 2369.04 |
| Expenditure | 4167.39 | 1678.44 |

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

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

- a) An amount of ₹.139.23 lacs (Last year ₹.127.11 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 31.03.2013 :

| | Gratuity (Partly funded) (₹ in Lacs) | | Leave Encashment (Unfunded) (₹ in Lacs) | |
|---|--|-----------|---|-----------|
| | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 |
| i) The present value of defined benefit obligations at the commencement of the Year | 870.63 | 868.29 | 86.96 | 80.16 |
| ii) Current Service cost | 42.98 | 38.34 | (24.09) | 14.45 |
| iii) Interest cost | 74.00 | 71.63 | 7.39 | 6.61 |
| iv) Actuarial (Gain)/Loss | 80.05 | (19.12) | 31.21 | 10.37 |
| v) Benefits (Paid) | (165.79) | (88.51) | (19.41) | (24.63) |
| vi) Past Service Cost | — | — | — | — |
| vii) The present value of defined benefit obligations at the close of the Year | 901.87 | 870.63 | 82.06 | 86.96 |
| viii) The fair value of plan assets at the close of the year | 315.66 | 331.07 | — | — |
| ix) The Past service cost not yet recognized | — | — | — | — |
| x) Expected return on plan assets | (26.61) | (28.40) | — | — |

Expenses aggregating ₹. 165.52 lacs (Last year ₹. 69.25 lacs) covered under items (ii),(iii),(iv),(vi) and (x) above have been debited to the Profit & Loss Account under Salary & Wages, Bonus etc.

| | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
|---|--------------|---------|--------------|---------|
| d) Actuarial assumptions | | | | |
| i) Rate of interest (per annum) | 8.00% | 8.50% | 8.00% | 8.50% |
| ii) Salary growth (per annum) | 6.50% | 6.00% | 6.50% | 6.00% |
| 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] | — | — | — | — |

25.23 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'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 23rd May, 2013

On behalf of the Board,

R.N. SETHNA
Director

A. K. JATIA
Director

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

Mumbai, Dated : 23rd May, 2013

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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

| | <u>2012-2013</u> | <u>2011-2012</u> |
|---|-------------------|-------------------|
| | ₹ in Lakhs) | ₹ in Lakhs) |
| A. Cash Flow from Operating Activities | | |
| Net profit before Taxation & Extraordinary Items | 1,668.20 | 1,302.58 |
| Adjustments for : | | |
| Depreciation | 848.42 | 782.64 |
| Interest & Financial charges | 697.01 | 441.61 |
| Loss on sale of Fixed Assets | — | 4.75 |
| Provision for Bad & Doubtful debts | 15.23 | — |
| Other income | <u>(489.87)</u> | <u>(354.61)</u> |
| | <u>1,070.79</u> | 874.39 |
| Operating profit before Working Capital Changes | 2,738.99 | 2,176.97 |
| (Increase)/Decrease in Inventories | 3,245.09 | (2,691.16) |
| (Increase)/Decrease in Debtors | <u>(470.47)</u> | 1,098.88 |
| (Increase)/Decrease in Advances | 173.46 | 556.50 |
| Increase/(Decrease) in Liabilities | <u>(2,081.55)</u> | 594.93 |
| | <u>866.53</u> | <u>(440.85)</u> |
| Cash Generated from Operations | 3,605.52 | 1,736.12 |
| Income Tax (paid)/Refund Received (Net) | <u>(54.51)</u> | <u>(276.30)</u> |
| Cash Flow before Extraordinary Items | 3,551.01 | 1,459.82 |
| Income of earlier years | — | — |
| Net cash from Operating Activities | <u>3,551.01</u> | 1,459.82 |
| B Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | <u>(790.30)</u> | (7,495.62) |
| Sale Proceeds of Fixed Assets etc. | 14.85 | 0.77 |
| Investment in Mutual Funds etc. | <u>(501.61)</u> | 649.56 |
| Change in Loans & Advances | <u>(1,444.98)</u> | (323.58) |
| Interest Received | 449.52 | 434.03 |
| Dividend Received | 9.48 | 26.93 |
| | <u>(2,263.04)</u> | <u>(6,707.91)</u> |
| Net cash from / (used) in Investing Activities | | |
| C Cash flow from Financing Activities | | |
| Proceeds from Borrowings | 3,625.60 | 7,233.92 |
| Repayment of Borrowings | <u>(3,521.40)</u> | (1,230.78) |
| Payment of Interest | <u>(1,297.43)</u> | (719.84) |
| Dividend paid | <u>(123.00)</u> | (123.00) |
| | <u>(1,316.23)</u> | 5,160.30 |
| Net cash from / (used) in Financing Activities | | |
| Net change in Cash & Cash Equivalents (A+B+C) | <u>(28.26)</u> | (87.79) |
| Cash & Cash Equivalents (Opening Balance) | 121.95 | 209.74 |
| Cash & Cash Equivalents (Closing Balance) | <u>93.69</u> | <u>121.95</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

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

On behalf of the Board,

R.N. SETHNA
Director

A. K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

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, 2013 which is the financial year end of both the Companies.
2. No part of the net loss of ₹ 52.51 Lakhs for the current financial year ended 31st March, 2013 and no part of net loss of ₹ 394.49 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, 2013.

On Behalf of the Board

R.N. SETHNA
Director

A.K. JATIA
Director.

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

MUMBAI

Dated : 23rd May, 2013

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.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors,
Pudumjee Pulp & Paper Mills Ltd.,

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of Pudumjee Pulp and Paper Mills Ltd. ("the Company") and its subsidiary(collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (d) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (e) In the case of the Statement of Consolidated Profit and Loss, of the Profit for the year ended on that date; and
- (f) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters:

1. Financial statements of a subsidiary which reflect total assets (net) of ₹ 1,238.22 lacs as at March 31, 2013, total revenue (net) of Rs.83.36 lacs and net cash flows amounting to ₹ (0.37) lacs for the year then ended, have been audited by us.
2. We have relied on the audited financial statements of an associate wherein the Group's share of profit aggregate ₹1660.06 lacs. These audited financial statements as approved by the partners of the firm have been furnished to us by the Management and our report in so far it relates to the amounts included in respect of the associate is based solely on such approved audited financial statements.
3. We have relied on the audited financial statements of an associate wherein the Groups share of Profit aggregate ₹ 23.48 lacs have been audited by us.

Our opinion is not qualified in respect of these other matters.

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

Y.P. SHUKLA
Proprietor.
Membership No. 16203

Place : Mumbai,
Dated : 23rd May, 2013.

PUDUMJEE PULP & PAPER MILLS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

| | Note No. | AS AT 31.03.2013 ₹ in lacs | AS AT 31.03.2012 ₹ in lacs |
|------------------------------------|-------------|----------------------------------|----------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 820.00 | 820.00 |
| (b) Reserves and Surplus | 2 | 13,046.36 | 11,814.10 |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 3 | 8,409.97 | 6,722.90 |
| (b) Deferred tax liabilities (Net) | | 1,616.00 | 1,632.00 |
| (c) Other Long-term Liabilities | 4 | 325.41 | 365.18 |
| (d) Long term provisions | 5 | 614.03 | 712.90 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 6 | 379.12 | 1,415.22 |
| (b) Trade payables | 7 | 2,711.30 | 3,677.78 |
| (c) Other current liabilities | 8 | 4,659.60 | 7,342.68 |
| (d) Short-term provisions | 9 | 212.68 | 209.97 |
| Total | | 32,794.47 | 34,712.73 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 | 11,055.83 | 10,515.74 |
| (ii) Intangible assets | | 21.69 | 26.22 |
| (iii) Capital work-in-progress | | 5,726.18 | 5,934.11 |
| (b) Non-current investments | 11 | 1,117.25 | 1,194.06 |
| (c) Long term loans and advances | 12 | 5,099.96 | 4,010.41 |
| (2) Current assets | | | |
| (a) Current investments | 13 | 537.24 | 0.75 |
| (b) Inventories | 14 | 5,504.06 | 9,379.84 |
| (c) Trade receivables | 15 | 2,619.43 | 2,254.87 |
| (d) Cash and Bank Balances | 16 | 205.94 | 284.76 |
| (e) Short term loans & Advances | 17 | 906.89 | 1,111.97 |
| Total | | 32,794.47 | 34,712.73 |

OTHER NOTES AS PER NOTE '25'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

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

On behalf of the Board,

R. N. SETHNA
Director

A. K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

ANNUAL REPORT 2012-2013

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2013**

| | Note No. | <u>2012-2013</u> ₹ in lacs | <u>2011-2012</u> ₹ in lacs |
|---|-------------|-------------------------------|-------------------------------|
| I. | | | |
| Revenue from operations | 18 | 26,222.80 | 26,469.46 |
| Less : Excise Duty | | <u>1,078.67</u> | <u>1,059.70</u> |
| Net Revenue from Operations | | 25,144.13 | 25,409.76 |
| II. | | | |
| Other Income | 19 | 508.97 | 412.62 |
| III. | | | |
| Total Revenue (I + II) | | <u>25,653.10</u> | <u>25,822.38</u> |
| IV. | | | |
| Expenses: | | | |
| (1) Cost Of Materials Consumed | 20 | 11,401.22 | 12,969.81 |
| (2) Trade Purchases | | 235.43 | 1,731.77 |
| (3) Changes in Inventories of Finished Goods, Work-in-Process and Stock in Trade | 21 | 1,226.65 | (1,612.55) |
| (4) Employees Cost | 22 | 2,182.19 | 2,118.36 |
| (5) Finance Cost | 23 | 810.82 | 468.76 |
| (6) Foreign Exchange Loss | | 128.43 | 361.86 |
| (7) Depreciation and Amortization | 10 | 874.12 | 795.05 |
| (8) Other Expenses | 24 | 6,414.92 | 7,387.66 |
| Total Expenses | | <u>23,273.78</u> | <u>24,220.72</u> |
| V. | | | |
| Profit before Exceptional and Extraordinary items and tax (III-IV) | | 2,379.32 | 1,601.66 |
| VI. | | | |
| Exceptional items/Extraordinary Items | | — | — |
| VII. | | | |
| PROFIT BEFORE TAX (V- VI) | | 2,379.32 | 1,601.66 |
| VIII. | | | |
| Tax expense: | | | |
| (1) Current tax | | 743.15 | 431.74 |
| (2) Deferred tax / (Savings) | | (16.00) | 58.00 |
| IX. | | | |
| Profit/(Loss) for the Year (VII-VIII) | | <u>1,652.17</u> | <u>1,111.92</u> |
| X. | | | |
| Earning per equity share:(Face value ₹. 2 per share) | | | |
| (1) Basic | | 4.03 | 2.71 |
| (2) Diluted | | 4.03 | 2.71 |
| (See Note No.25.09) | | | |

OTHER NOTES AS PER NOTE '25'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

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

On behalf of the Board,

R.N. SETHNA
Director

A. K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

| | <u>AS AT</u> <u>31.03.2013</u> ₹ in Lacs | <u>AS AT</u> <u>31.03.2012</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>31-03-2013</u> | | <u>AS AT</u> <u>31-03-2012</u> | |
|-----------------------------|-----------------------------------|--------------|-----------------------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Thacker & Co. Ltd. | 4,301,856 | 10.49 | 4,301,856 | 10.49 |
| Pudumjee Industries Limited | 3,412,850 | 8.32 | 3,412,850 | 8.32 |
| Suma Commercial Pvt. Ltd. | 2,873,036 | 7.01 | 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, 2013 (Contd.)**

| | <u>AS AT</u> <u>31.03.2013</u> | | <u>AS AT</u> <u>31.03.2012</u> | |
|---|-----------------------------------|------------------|-----------------------------------|------------------|
| | ₹ in Lacs | | ₹ in Lacs | |
| NOTE '2' - RESERVES & SURPLUS | | | | |
| GENERAL RESERVE | | | | |
| As per last Balance Sheet | 7,058.39 | | 6,958.39 | |
| Add : Transfer from Profit & Loss Account | <u>150.00</u> | 7,208.39 | <u>100.00</u> | 7,058.39 |
| 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 | 411.32 | | 517.71 | |
| Add / (Less) Transfer from P & L Account | <u>23.48</u> | 434.80 | <u>(6.10)</u> | 511.61 |
| 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 |
| SURPLUS IN PROFIT AND LOSS ACCOUNT | | | | |
| Balance in Profit & Loss Account | | 2,194.79 | | 1,319.19 |
| Provision for income Tax for earlier year written Back | | — | | 0.53 |
| Add : | | | | |
| Profit for the Year | | <u>1,652.17</u> | | <u>1,111.92</u> |
| | | <u>3,846.96</u> | | <u>2,431.64</u> |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | | | | |
| APPROPRIATIONS : | | | | |
| Proposed Dividend on Equity | | | | |
| Shares (Free of Tax) | 123.00 | | 123.00 | |
| Tax on Proposed Dividend | 20.90 | | 19.95 | |
| Transfer to Capital Reserves | 23.48 | | (6.10) | |
| Transfer to General Reserve | <u>150.00</u> | | <u>100.00</u> | |
| | | <u>317.38</u> | | 236.85 |
| | | <u>3,529.58</u> | | <u>2,194.79</u> |
| | | <u>13,046.36</u> | | <u>11,814.10</u> |

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|--|----------------------------------|----------------------------------|
| NOTE '3' - LONG TERM BORROWINGS | | |
| (A) Secured Borrowings | | |
| FROM BANKS | | |
| TERM LOAN | 1,365.28 | 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 | 366.66 | 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 | 531.00 | 711.00 |
| (Secured by first charge on the Assets at Sadawaghapur of the Holding Company specifically purchased therefrom) (See Note (c) below) | | |
| TERM LOAN | 688.50 | — |
| (Secured by first charge on the Assets at Jath of the Holding Company specifically purchased therefrom) (See Note (d) below) | | |
| TERM LOAN | — | — |
| (Secured by other Assets) * (See Note (e) below) | | |
| TERM LOAN | 475.00 | — |
| (Secured by pari passu first charge on immoveable assets at pune.) (See Note (f) below) | | |
| TERM LOAN | 840.00 | 420.00 |
| (Secured by Land & Building under construction in Phase II and III of Joint Venture and corporate guarantee of the Company) (See Note (g) below) | | |
| FROM OTHERS FINANCIAL INSTITUTION | | |
| TERM LOAN | 34.04 | — |
| (Secured by other Assets) * (See Note (h) below) | | |
| Total (A) | <u>4,300.48</u> | <u>4,092.11</u> |

Notes:

- (a) Excluding ₹.427.78 lacs (Last year ₹.138.89 lacs) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 18 equal quartely installments beginning with 04.02.2013.
- (b) Excluding ₹. 833.34 lacs (Last year ₹. Nil/-) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 18 equal quartely installments beginning with 14.08.2013.
- (c) Excluding ₹.180.00 lacs (Last year ₹.180 lacs) shown under "Current maturities of Long Term Debt" under Note No.8.
Repayable in 20 equal quartely installments beginning with 21.06.2012.
- (d) Excluding ₹.129.00 lacs (Last year ₹. Nil) shown under "Current maturities of Long Term Debt"under Note No.8.
Repayable in 20 equal quartely installments beginning with 25.09.2013.
- (e) Excluding ₹. Nil lacs (Last year ₹. 93.68 lacs) shown under "Current maturities of Long Term Debt"under Note No.8.
Repayable in 15 equal quartely installments beginning with 24.12.2008.

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)**

- (f) Excluding ₹. 25.00 (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 20 equal quarterly installments beginning with 16.01.2014.
- (g) Excluding ₹. Nil (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 24 equal quarterly installments beginning with 10.06.2014.
- (h) Excluding ₹. 13.09 (Last year ₹. Nil) shown under "Current maturities of Long Term Debt" under Note No.8. Repayable in 60 Monthly installments beginning with 15.12.2012.
- (i) 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 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) 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.

| | AS AT 31.03.2013 | AS AT 31.03.2012 |
|---|-----------------------------|-----------------------------|
| | ₹ in Lacs | ₹ in Lacs |
| (B) Unsecured Borrowings | | |
| Fixed Deposits from Public/Shareholders * | 2,473.80 | 952.85 |
| (See Note (a) below) | | |
| Deposit from Associates | 110.00 | 110.00 |
| Deferred Sales Tax Liability | 1,525.69 | 1,567.94 |
| (See Note (b) below) | | |
| Total (B) | 4,109.49 | 2,630.79 |
| Total Long term borrowings(A) +(B) | 8,409.97 | 6,722.90 |

Notes:

- (a) Excluding (i) ₹. 58.40 lacs (Last year ₹. 62.20 lacs) being deposits for 1 year shown under "Short Term Borrowings" under Note No 6, and (ii) ₹. 416.43 lacs (Last year ₹. 1771.74 lacs) shown under "Current maturities of Long Term Fixed Deposits" under Note No.8.
- (b) Excluding ₹. 42.25 lacs (Last year ₹. 6.62 lacs) 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, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|---|----------------------------------|----------------------------------|
| NOTE '4' - OTHER LONG TERM LIABILITIES | | |
| Sundry Creditors | <u>325.41</u> | <u>365.18</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 | 1,457.26 |
| 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 | 539.74 | 539.74 |
| Add : Transferred from Profit & Loss | <u>15.23</u> | <u>—</u> |
| | 554.97 | 539.74 |
| Less : Debts & Advances considered Doubtful per contra | <u>554.97</u> | <u>364.02</u> |
| | — | 175.72 |
| Less : Surplus provision shown under Reserves & Surplus | — | 175.72 |
| Provision for Taxation (Less:Advance Tax etc.) | <u>27.82</u> | <u>173.33</u> |
| Provision for Gratuity | <u>586.21</u> | <u>539.57</u> |
| | <u>614.03</u> | <u>712.90</u> |

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ 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) | 239.57 | 1,293.12 |
| Total (A) | <u>239.57</u> | <u>1,293.12</u> |
| (B) Unsecured Borrowings from others | | |
| Fixed Deposits | 58.40 | 62.20 |
| Others Deposits | 81.15 | 59.90 |
| Total (B) | <u>139.55</u> | <u>122.10</u> |
| Total short term borrowings(A) +(B) | <u><u>379.12</u></u> | <u><u>1,415.22</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 | 915.65 | 1,975.61 |
| Sundry Creditors | 1,795.65 | 1,702.17 |
| | <u>2,711.30</u> | <u>3,677.78</u> |
| | <u><u>2,711.30</u></u> | <u><u>3,677.78</u></u> |
| NOTE '8' - OTHER CURRENT LIABILITIES | | |
| Current Maturities of Long Term Debts: | | |
| Fixed Deposits | 416.43 | 1771.74 |
| Secured Debts | 1608.21 | 412.57 |
| Unsecured Debts | 42.25 | 6.62 |
| Unclaimed dividend | 16.73 | 15.13 |
| Unclaimed Matured Fixed Deposits | 39.37 | 22.27 |
| Unclaimed Interest On Fixed Deposits | 3.84 | 1.99 |
| Interest on Loans accrued but not due on borrowing | 86.14 | 213.32 |
| Creditors for Capital Goods | 0.42 | 235.10 |
| Advances from Customers | 2,442.02 | 4,659.65 |
| Other payables | 4.19 | 4.29 |
| | <u>2066.89</u> | <u>2190.93</u> |
| | <u>16.73</u> | <u>15.13</u> |
| | <u>39.37</u> | <u>22.27</u> |
| | <u>3.84</u> | <u>1.99</u> |
| | <u>86.14</u> | <u>213.32</u> |
| | <u>0.42</u> | <u>235.10</u> |
| | <u>2,442.02</u> | <u>4,659.65</u> |
| | <u>4.19</u> | <u>4.29</u> |
| | <u><u>4,659.60</u></u> | <u><u>7,342.68</u></u> |
| NOTE '9' - SHORT TERM PROVISIONS | | |
| Provision for Taxation (Less : Advance Tax etc.) | 7.62 | — |
| Provision for Leave Encashment | 82.06 | 86.97 |
| Proposed Dividend | 123.00 | 123.00 |
| | <u>212.68</u> | <u>209.97</u> |

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)

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

| TYPE OF ASSETS | Cost upto 31.3.2012 | Additions/ Transfers during the Year | Deductions/ Transfers during the Year | Balance Cost upto 31.03.2013 | Depreciation / Impairment upto 31.3.2012 | Depreciation/ Amortisation for the Year | Depreciation on sold Assets and on deductions written back | Depreciation/ Impairment Balance as on 31.03.2013 | Net Book Value as on 31.03.2013 | Net Book Value as on 31.3.2012 |
|--------------------------|---------------------|--------------------------------------|---------------------------------------|------------------------------|--|---|--|---|---------------------------------|--------------------------------|
| TANGIBLE ASSETS | | | | | | | | | | |
| Land - Freehold | 40.89 | - | - | 40.89 | - | - | - | - | 40.89 | 40.89 |
| - Leasehold | 1,134.74 | - | - | 1,134.74 | 8.35 | 15.63 | - | 23.98 | 1,110.76 | 1,126.39 |
| Buildings Under Lease | 395.26 | - | - | 395.26 | 97.18 | 6.44 | - | 103.62 | 291.64 | 298.08 |
| Buildings - Others | 2,323.63 | 88.08 | - | 2,411.71 | 906.52 | 77.81 | - | 984.33 | 1,427.38 | 1,417.11 |
| Machinery | 22,332.84 | 1,272.98 | - | 23,605.82 | 14,870.17 | 727.49 | (2.47) | 15,600.13 | 8,005.69 | 7,462.67 |
| Laboratory Equipments | 25.55 | - | - | 25.55 | 16.92 | 1.31 | - | 18.23 | 7.32 | 8.63 |
| Furniture & Fixtures | 424.25 | 8.13 | 0.34 | 432.04 | 342.66 | 13.10 | 0.27 | 355.49 | 76.55 | 81.59 |
| Vehicles | 243.03 | 45.72 | 61.43 | 227.32 | 162.65 | 25.16 | 56.09 | 131.72 | 95.60 | 80.38 |
| Total (A) | 26,920.19 | 1,414.91 | 61.77 | 28,273.33 | 16,404.45 | 866.94 | 53.89 | 17,217.50 | 11,055.83 | 10,515.74 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Computer Software | 99.80 | 2.58 | - | 102.38 | 73.58 | 7.11 | - | 80.69 | 21.69 | 26.22 |
| Total (B) | 99.80 | 2.58 | - | 102.38 | 73.58 | 7.11 | - | 80.69 | 21.69 | 26.22 |
| Total (A+B) | 27,019.99 | 1,417.49 | 61.77 | 28,375.71 | 16,478.03 | 874.05 | 53.89 | 17,298.19 | 11,077.52 | 10,541.96 |
| Previous year | 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 |

*Note :1) The depreciation charged on Fixed Assets in the Profit & Loss Account does not include an amount of Rs.0.07 lacs (Last year ₹. 2.02 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, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | | AS AT 31.03.2012 ₹ in Lacs |
|---|----------------------------------|--------|----------------------------------|
| NOTE '11' - NON CURRENT INVESTMENTS | | | |
| LONG TERM INVESTMENTS (AT COST) | | | |
| TRADE INVESTMENTS : (EQUITY) | | | |
| 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 Equity shares of Pudumjee Industries Ltd. of ₹. 2/- each.fully paid (quoted) | 1,116.85 | | 1,193.66 |
| Other Investment : | | | |
| 4,000 Shares of Saraswat Co-op Bank Ltd. of ₹. 10/- each fully paid (unquoted) | 0.40 | | 0.40 |
| | <u>1,177.25</u> | | <u>1,254.06</u> |
| Less: Provision for Diminution in value of Long term Investments deducted per contra | 60.00 | | 60.00 |
| | <u>1,117.25</u> | | <u>1,194.06</u> |
| Aggregate amount of quoted investments | | | |
| Cost | 1,116.85 | | 1,193.66 |
| Market Value | 441.23 | | 789.33 |
| Aggregate amount of unquoted investments | | | |
| Cost | 60.40 | | 60.40 |
| NOTE '12' - LONG TERM LOANS & ADVANCES | | | |
| (Unsecured, Considered good, unless otherwise stated) | | | |
| Prepaid Expenses | 2.44 | | 2.59 |
| Security Deposits | 48.12 | 47.37 | |
| Less : Provision for Doubtful Advances deducted per contra | 0.81 | 47.31 | 47.37 |
| Loans & Advances to Associates | 4,782.21 | | 3,686.59 |
| Others Advances | 302.75 | 308.08 | |
| Less : Provision for Doubtful Advances deducted per contra | 34.75 | 268.00 | 273.86 |
| | <u>5,099.96</u> | 34.22 | <u>4,010.41</u> |
| NOTE '13' - CURRENT INVESTMENTS | | | |
| CURRENT INVESTMENTS IN MUTUAL FUNDS (unquoted) | | | |
| (EACH VALUED ON LOWER OF COST OR FAIR VALUE) | | | |
| 17,565 (Last Year Nil) Units of IDFC Cash Fund. of ₹.1000/- each fully paid | 175.70 | | — |
| 99,771 (Last Year Nil) Units of DWS Insta Cash Plus. Fund of ₹.100/- each fully paid | 100.07 | | — |
| 1,800 (Last Year 23) Units of SBI Magnum Insta Cash Fund. of ₹.10/- each fully paid | 17.54 | | 0.39 |
| 16,745 (Last Year 2,389) Units of Reliance Liquid Fund. of ₹.1000/- each fully paid | 243.93 | | 0.36 |
| | <u>537.24</u> | | <u>0.75</u> |
| Aggregate amount of unquoted investments | | | |
| Cost | 537.24 | | 0.75 |

PUDUMJEE PULP & PAPER MILLS LIMITED

**NOTES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)**

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|--|----------------------------------|----------------------------------|
| NOTE '14' - INVENTORIES | | |
| Raw material (At cost) | 293.96 | 1,750.52 |
| Raw material in Transit (At Cost) | — | 571.67 |
| Work-in-process (At cost) | 2,902.11 | 3,783.57 |
| Finished Paper (At lower of cost or market value.) | 1,333.49 | 2,204.47 |
| Stores, Spare Parts Etc.(At Cost) | 935.88 | 1,068.26 |
| Stores, Spare Parts Etc. (At Cost) in Transit | 37.28 | — |
| Loose Tools (At Cost) | 1.34 | 1.35 |
| | <u>5,504.06</u> | <u>9,379.84</u> |
| NOTE '15' - TRADE RECEIVABLES (Unsecured) | | |
| Debts outstanding for a period exceeding six months from due date | | |
| Considered Good | 160.52 | 205.37 |
| Considered Doubtful | <u>511.57</u> | <u>324.80</u> |
| | 672.09 | 530.17 |
| Other Debts | | |
| Considered Good | 2,458.91 | 2,049.50 |
| Considered Doubtful | <u>2.62</u> | <u>—</u> |
| | 3,133.62 | 2,579.67 |
| Less : Provision for Doubtful Debts deducted per contra | 514.19 | 324.80 |
| | <u>2,619.43</u> | 2,254.87 |
| | <u>2,619.43</u> | <u>2,254.87</u> |
| NOTE '16' - CASH & BANK BALANCES | | |
| Cash on hand as per books | 9.00 | 9.92 |
| Deposit with Bank for Margin Money (with maturity beyond 12 months) | 12.00 | 9.00 |
| On other Deposit account with Bank | 5.00 | 10.00 |
| On other accounts with Banks | 138.97 | 204.89 |
| Cheques on hand | 24.24 | 35.81 |
| Unpaid Dividends account with Banks | <u>16.73</u> | <u>15.14</u> |
| | <u>205.94</u> | <u>284.76</u> |
| NOTE '17' - SHORT TERM LOANS & ADVANCES | | |
| (Unsecured, Considered Good other than related parties) | | |
| Prepaid Expenses | 48.49 | 62.94 |
| Security Deposits | 1.73 | 1.94 |
| Interest Accrued | | |
| On Investments | | |
| On Banks & Other Deposits | 1.59 | 0.11 |
| Capital Advances | 2.87 | 193.80 |
| Advance Income Tax for Current year (Less Provision for Current year Tax) | 67.84 | 121.18 |
| Advances to employees of the Company | 14.31 | 14.00 |
| Balance with Government Authorities | 259.81 | 489.83 |
| Advances to Suppliers | 356.84 | 114.91 |
| Sundry Advances | <u>158.63</u> | <u>118.26</u> |
| | 775.28 | 723.00 |
| Less : Provision for Doubtful Advances deducted per contra | 5.22 | 5.00 |
| | <u>770.06</u> | 718.00 |
| | <u>906.89</u> | <u>1,111.97</u> |

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013**

| | Year Ended 31.03.2013 ₹ in Lacs | Year Ended 31.03.2012 ₹ in Lacs |
|---|---------------------------------------|---------------------------------------|
| NOTE '18' - REVENUE FROM OPERATIONS | | |
| PAPER | 18,400.93 | 20,918.35 |
| Less : Excise Duty | 1,078.19 | 1,059.36 |
| TRADE SALE | 17,322.74 | 19,858.99 |
| Shares | 76.20 | 36.82 |
| Others | 228.22 | 1,730.88 |
| | | 1,767.70 |
| MISCELLANEOUS SALES | 58.22 | 68.33 |
| Less : Excise Duty | 0.48 | 0.34 |
| PROCESSING AND OTHER CHARGES | 1,524.55 | 1,320.02 |
| REAL ESTATE ACTIVITY | 5,822.19 | 2,313.42 |
| OTHER OPERATING REVENUE | 112.49 | 81.64 |
| | <u>25,144.13</u> | <u>25,409.76</u> |
| NOTE '19' - OTHER INCOME | | |
| DIVIDENDS | | |
| Others | 15.93 | 43.73 |
| SHARE OF PROFIT IN ASSOCIATE COMPANY | 23.48 | — |
| MISCELLANEOUS INCOME | 27.36 | 27.78 |
| INTEREST RECEIVED FROM OTHERS | 435.23 | 341.11 |
| PROFIT ON SALE/TRANSFER OF FIXED ASSETS (NET) | 6.97 | — |
| | <u>508.97</u> | <u>412.62</u> |
| NOTE '20' - COST OF MATERIAL CONSUMED | | |
| CONSUMPTION OF RAW MATERIALS | 9,721.97 | 11,308.42 |
| CONSUMPTION OF STORES, COLOURS,CHEMICALS etc. | 1,679.25 | 1,661.39 |
| | <u>11,401.22</u> | <u>12,969.81</u> |
| NOTE '21' - CHANGE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROCESS AND STOCK-IN-TRADE | | |
| STOCK AT COMMENCEMENT | | |
| Finished Paper / Shares / Construction | 2,204.47 | 922.70 |
| Work-in-Process | | |
| - Pulp | 12.85 | 30.23 |
| - Paper | 674.26 | 326.10 |
| | 2,891.58 | 1,279.03 |
| STOCK AT CLOSE | | |
| Finished Paper / Shares / Construction | 1,333.49 | 2,204.47 |
| Work-in-Process | | |
| - Pulp | 1.78 | 12.85 |
| - Paper | 329.66 | 674.26 |
| | 1,664.93 | 2,891.58 |
| | <u>1,226.65</u> | <u>(1,612.55)</u> |
| NOTE '22' - EMPLOYEES' COST | | |
| SALARIES,WAGES,BONUS etc. | | |
| Salaries,Wages, gratuity & Bonus | 1,883.89 | 1,818.45 |
| Contribution to Provident & Other Funds(Including Administrative Charges) | 190.13 | 173.85 |
| Employees State Insurance | 4.42 | 6.05 |
| Workmen & Staff Welfare Expenses | 103.75 | 120.01 |
| | <u>2,182.19</u> | <u>2,118.36</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, 2013 (Contd.)**

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|---------------------------------|---------------------------------|
| | ₹ in Lacs | ₹ in Lacs |
| NOTE '23' - FINANCE COST | | |
| INTEREST ON BORROWINGS | 751.60 | 529.77 |
| OTHER FINANCIAL CHARGES | <u>115.05</u> | <u>107.52</u> |
| | 866.65 | 637.29 |
| LESS: INTEREST RECEIVED ON TRADE DEBTS | <u>55.83</u> | <u>168.53</u> |
| | <u>810.82</u> | <u>468.76</u> |
| NOTE '24' - OTHER EXPENSES | | |
| FUEL, POWER & WATER | 4,216.98 | 4,961.97 |
| RENT | 5.84 | 5.24 |
| RATES & TAXES | 57.06 | 47.83 |
| REPAIRS & MAINTENANCE | | |
| Machinery | 584.04 | 655.68 |
| Buildings | 45.31 | 56.07 |
| Others | <u>9.81</u> | <u>8.74</u> |
| | 639.16 | 720.49 |
| INSURANCE | 21.18 | 16.49 |
| PACKING,CARTAGE,CUTTING, BALING,FREIGHT ETC. | 381.79 | 384.76 |
| DEVELOPMENT & RESEARCH EXPENSES | 69.78 | 96.90 |
| COMMISSION ON SALES | 218.27 | 216.95 |
| DIRECTORS' FEES | 1.63 | 1.73 |
| EXCISE DUTY ON STOCK | (53.79) | 91.31 |
| LOSS ON SALE/TRANSFER OF ASSETS (NET) | — | 4.75 |
| SHARE OF LOSS IN ASSOCIATE COMPANY | — | 6.10 |
| BAD DEBTS & ADVANCES WRITTEN OFF | — | 82.79 |
| PROVISION FOR DOUBTFUL DEBTS | 15.23 | - |
| ADVERTISEMENT EXPENSES | 186.73 | 40.92 |
| OFFICE & MISCELLANEOUS EXPENSES | 655.06 | 709.46 |
| | <u>6,414.92</u> | <u>7,387.66</u> |

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, 2013

NOTE '25'

25.01 Salary, Wages, gratuity and bonus (Note No 22) does not include a sum of ₹. 88.62 lacs (Last year ₹.109.14 lacs) transferred to other accounts.

- 25.02** a) The Parent company has acquired leasehold land, building and board manufacturing machine at Mahad Dist. Raigad last year, 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) Borrowing cost comprising interest etc. of ₹. 418.40 lacs (Last year ₹.155.24 Lacs) and the expenses of ₹.14.85 lacs (Last year ₹. 62.73 lacs) relating to the aforesaid projects have been capitalized.

25.03 Payments made to Auditors:

| | 2012-2013 | 2011-2012 |
|------------------|------------------|------------------|
| | ₹ in Lacs | ₹ in Lacs |
| Audit fees | 3.80 | 2.29 |
| Taxation matters | 0.90 | 0.94 |
| Others | 2.01 | 1.71 |
| | 6.71 | 4.94 |

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.

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

| | AS AT | AS AT |
|---|-------------------|-------------------|
| | 31.03.2013 | 31.03.2012 |
| | ₹ in Lacs | ₹ in Lacs |
| i) Bank Guarantees and Letters of Credit in favour of suppliers of raw materials, spares etc.* | 2,481.73 | 2,020.44 |
| ii) Guarantee for Loan granted to Companies * | 69.57 | 77.55 |
| iii) Claims against the Company not acknowledged as debts for excise duty, property tax and commercial claims etc. ** | 750.14 | 866.92 |

* 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 | 46.77 | 768.86 |
|---|--------------|--------|

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)

| | <u>AS AT</u> <u>31.03.2013</u> | <u>AS AT</u> <u>31.03.2012</u> |
|---|-----------------------------------|-----------------------------------|
| Basic EPS: | | |
| (a) Net Profit after tax as per Profit & Loss Account : After current and deferred Tax | ₹ 1,652.17 lacs | ₹ 1,111.92 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) | ₹ 4.03 | ₹ 2.71 |

NOTE '25' (Contd.)

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

| | AS AT 31.03.2013 ₹ in Lacs | AS AT 31.03.2012 ₹ in Lacs |
|--|----------------------------------|----------------------------------|
| In respect of Depreciation | 2,092 | 2,042 |
| In respect of allowances and disallowances under various provisions of Income Tax Act. | (476) | (410) |
| Net Deferred Tax Liability | 1,616 | 1,632 |

(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, 2013.

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

25.11 A Dividend of Re. 0.30 (Last year Re.0.30) per equity share of ₹ 2/- each has been proposed for the current year amounting to ₹123 lacs (Last year ₹ 123 lacs)excluding ₹ 20.90 lacs (Last year ₹19.95 lacs) of dividend Distribution tax.

25.12 Related party disclosures (Accounting Standard 18) :

A) Associate Firms / Companies

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

B) Key Management personnel

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 | 2012-13 | | |
|--|-------------------------------|--------------------------------|---------------------------------|
| | (2011-2012) | | |
| | ₹ in Lacs | | |
| | Associate Companies | Maximum during the year | Key Management Personnel |
| a) Interest bearing Inter Corporate Deposits lent during the year | 3135.00 (5175.00) | | |
| b) Interest charged during the year | 416.08 (218.43) | | |
| c) Inter Corporate Deposits /Advances etc.outstanding receivable as at 31 st March, 2013 including interest Pudumjee Industries Limited | 4,540.18 (3,686.59) | 4913.44 (4317.00) | |
| d) Sale / Processing charges of goods during the year | 1,652.13 (1,646.12) | | |
| e) Purchases made during the year | 9.58 (1,559.02) | | |
| f) Reimbursement of common services and utilities during the year. | 42.89 (88.76) | | |
| g) Remuneration | - | - | 184.92 (145.45) |
| h) Interest paid on fixed deposits | - | - | 0.57 (1.83) |
| i) Guarantees outstanding as at 31 st March, 2013 | 35.00 (35.00) | | |
| j) Debts outstanding as at 31 st March, 2013 | 153.03 (216.08) | 172.48 (405.15) | |

Note: The figures in bracket relates to earlier year.

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NOTE '25' - (Contd.)

| | | | | | 2012-2013 (2011-2012) |
|---|-------------------|--------------------|-------------------|-----------------------------|---------------------------------|
| 25.13 SEGMENT REPORTING (Accounting standard 17) | | | | | ₹ in Lacs |
| Information about business segments. | | | | | |
| | Paper-Unit | Real Estate | Investment | Power Generation | TOTAL |
| SEGMENT REVENUE | | | | | |
| From External Customers | 18,672.96 | 5,822.19 | 76.20 | 572.78 | 25,144.13 |
| | (21,518.80) | (2,313.42) | (1,278.46) | (299.08) | (25,409.76) |
| From Inter Segments | 572.78 | — | — | (572.78) | — |
| | (299.08) | — | — | 299.08 | — |
| Total Revenue | 19,245.74 | 5,822.19 | 76.20 | — | 25,144.13 |
| | (21,817.88) | (2,313.42) | (1,278.46) | — | (25,409.76) |
| SEGMENT RESULTS | 103.87 | 2,512.12 | (18.87) | 249.40 | 2,846.52 |
| | (660.53) | (975.86) | (16.84) | (90.13) | (1,743.36) |
| Unallocated corporate expenses | | | | | 186.55 |
| | | | | | (147.18) |
| Operating Profit | | | | | 2,659.97 |
| | | | | | (1,596.18) |
| Interest Expenses | | | | | 787.64 |
| | | | | | (547.89) |
| Interest Income | | | | | 491.06 |
| | | | | | (509.64) |
| Dividend Income | | | | | 15.93 |
| | | | | | (43.73) |
| Income in respect of Investments | | | | | — |
| | | | | | — |
| Income Taxes including Deferred Tax | | | | | 727.15 |
| | | | | | (489.74) |
| Profit from ordinary activities | | | | | 1,652.17 |
| | | | | | (1,111.92) |
| Extra Ordinary Income | | | | | — |
| | | | | | (—) |
| Net Profit as per Profit & Loss Account | | | | | 1,652.17 |
| | | | | | (1,111.92) |
| OTHER INFORMATION | | | | | |
| Total carrying amount of Segment Assets | 19,134.67 | 4,380.52 | 660.67 | 2,893.34 | 27,069.20 |
| | (20,950.49) | (5,554.21) | (127.70) | (3,077.75) | (29,710.15) |
| Add: Unallocated Corporate Assets | | | | | 5,725.27 |
| | | | | | (4,881.40) |
| Total Assets as per Balance Sheet | | | | | 32,794.47 |
| | | | | | (34,591.55) |
| Total carrying amount of Segment Liabilities | 3,369.60 | 598.37 | 12.42 | 13.52 | 3,993.91 |
| | (4,533.24) | (312.32) | (66.07) | (238.61) | (5,150.24) |
| Add: Unallocated Corporate Liabilities | | | | | 28,800.56 |
| | | | | | (29,441.31) |
| Total Liabilities as per Balance Sheet | | | | | 32,794.47 |
| | | | | | (34,591.55) |
| Capital Expenditure incurred during the year | 1,097.79 | 0.86 | — | 110.91 | 1,209.56 |
| | (6,356.16) | (10.80) | — | (1,294.70) | (7,661.66) |
| Depreciation for the Year | 640.15 | 25.70 | — | 208.27 | 874.12 |
| | (628.85) | (12.41) | — | (153.79) | (795.05) |
| Other Non Cash Expenditure | — | — | — | — | — |
| | (-) | (-) | (-) | (-) | (-) |

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTE '25' - (Contd.)

Sales Revenue by Geographical Segments

| | | | | | |
|---------------|------------------|-----------------|--------------|---------------|------------------|
| WITHIN INDIA | 18,412.83 | 5,822.19 | 76.20 | 572.78 | 24,884.00 |
| | (21,263.28) | (2,313.42) | (1,278.46) | (299.08) | (25,154.24) |
| OUTSIDE INDIA | 260.13 | — | — | — | 260.13 |
| | (255.52) | — | — | — | (255.52) |
| | 18,672.96 | 5,822.19 | 76.20 | 572.78 | 25,144.13 |
| | (21,518.80) | (2,313.42) | (1,278.46) | (299.08) | (25,409.76) |

- 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 Turbines.
 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.

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

- a) An amount of ₹ 139.23 lacs (Last year ₹ 127.11 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 31.03.2013 :

| | Gratuity (Partly funded) (₹ in Lacs) | | Leave Encashment (Unfunded) (₹ in Lacs) | |
|--|--|-----------|---|-----------|
| | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 |
| i) The present value of defined benefit obligations | | | | |
| at the commencement of the Year | 870.63 | 868.29 | 86.96 | 80.16 |
| ii) Current Service cost | 42.98 | 38.34 | (24.09) | 14.45 |
| iii) Interest cost | 74.00 | 71.63 | 7.39 | 6.61 |
| iv) Actuarial (Gain)/Loss | 80.05 | (19.12) | 31.21 | 10.37 |
| v) Benefits (Paid) | (165.79) | (88.51) | (19.41) | (24.63) |
| vi) Past Service Cost | — | — | — | — |
| vii) The present value of defined benefit obligations at the close of the Year | 901.87 | 870.63 | 82.06 | 86.96 |
| viii) The fair value of plan assets at the close of the year | 315.66 | 331.07 | — | — |
| ix) The Past service cost not yet recognized | — | — | — | — |
| x) Expected return on plan assets | (26.61) | (28.40) | — | — |

Expenses aggregating ₹.165.52 lacs (Last year ₹.69.25 lacs) covered under items (ii),(iii),(iv),(vi) and (x) above have been debited to the Profit & Loss Account.

| | | | | |
|--|------------------|-----------|------------------|-----------|
| d) Actuarial assumptions | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 |
| i) Rate of interest (per annum) | 8.00% | 8.50% | 8.00% | 8.50% |
| ii) Salary growth (per annum) | 6.50% | 6.00% | 6.50% | 6.00% |
| 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.)

25.15 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 | 31.03.2013 |
| II) Joint Venture Firm | | | | |
| a) M/s Pudumjee-G : Corp Developers | India | 60% | 40% | 31.03.2013 |
| III) Associate Companies/ Firm | | | | |
| a) M/s Prime Developers | India | Nil | N. A. | 31.03.2013 |
| b) Pudumjee Industries Ltd. | India | 27.24% | N. A. | 31.03.2013 |
| c) Pudumjee Plant Laboratories Ltd. | India | 27.11% | N. A. | 31.03.2013 |
| d) Pudumjee Hygeine Products Ltd. | India | Nil | N. A. | 31.03.2013 |
| e) Pudumjee Holding Ltd. | India | Nil | N. A. | 31.03.2013 |

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 ₹. 52.51 Lacs for the year ending 31st March 2013, 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 31.03.2013 | AS AT 31.03.2012 | AS AT 31.03.2013 | AS AT 31.03.2012 |
| i) Share Capital | 499.00 | 499.00 | 70.00 | 70.00 |
| ii) Reserves & Surplus | (447.01) | (394.49) | — | — |
| iii) Total Assets | 1,238.22 | 704.68 | 7,360.50 | 9,289.10 |
| iv) Total Liabilities | 1,238.22 | 704.68 | 7,360.50 | 9,289.10 |
| v) Investment | 573.16 | 573.16 | 59.38 | 1.25 |
| 3,945,790/- Equity shares of ₹.2 each fully paid of Pudumjee Industries Limited (Market value ₹. 355.12 Lacs) | | | | |
| vi) Turnover | 76.20 | 1,278.47 | 9,703.66 | 3,855.70 |
| vii) Profit / (Loss) before Tax | (52.51) | (8.56) | 4,000.35 | 1,673.90 |
| viii) Provision for Tax | — | — | 1,233.58 | 522.89 |
| ix) Profit / (Loss) after Tax | (52.51) | (8.56) | 2,766.77 | 1,151.01 |
| 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.

25.16 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

R.N. SETHNA
Director

Y. P. SHUKLA
Proprietor

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

A. K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

PUDUMJEE PULP & PAPER MILLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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

| | 2012-2013 (₹ in Lakhs) | 2011-2012 (₹ in Lakhs) |
|---|---------------------------|---------------------------|
| A Cash Flow from Operating Activities | | |
| Net profit before Taxation & Extraordinary Items | 2,379.32 | 1,601.66 |
| Adjustments for : | | |
| Depreciation | 874.12 | 795.05 |
| Interest & Financial charges | 810.82 | 468.74 |
| Loss on sale / Transfer of Fixed Assets | — | 4.75 |
| Provision for doubtful debts & advances | 15.23 | — |
| Other income | (458.13) | (384.82) |
| | <u>1,242.04</u> | 883.72 |
| Operating profit before Working Capital Changes | 3,621.36 | 2,485.38 |
| (Increase)/Decrease in Inventories | 3,875.78 | (4,003.57) |
| (Increase)/Decrease in Debtors | (553.95) | 868.70 |
| (Increase)/Decrease in Advances Others | (85.40) | 569.39 |
| Increase/(Decrease) in Liabilities | (3,415.33) | 5,439.56 |
| | <u>(178.90)</u> | 2,874.08 |
| Cash Generated from Operations | 3,442.46 | 5,359.46 |
| Income Tax (paid)/Refund Received (Net) | (769.24) | (610.17) |
| Cash Flow before Extraordinary Items | <u>2,673.22</u> | <u>4,749.29</u> |
| (Increase)/Decrease in Misc.Expenditure (Expenses)/Income of earlier years | — | 0.53 |
| Net cash from Operating Activities | <u>2,673.22</u> | <u>4,749.82</u> |
| B Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | (791.22) | (7,504.40) |
| Sale Proceeds of Fixed Assets | 14.85 | 0.77 |
| Investment in Mutual Funds Etc. | (559.97) | 655.65 |
| Sale Proceeds of Investments | — | 409.90 |
| Change in Loans & Advances (ICD) | (853.59) | (315.94) |
| Interest Received | 411.33 | 447.46 |
| Dividend Received | 15.93 | 28.60 |
| Net cash from / (used) in Investing Activities | <u>(1,762.67)</u> | <u>(6,277.96)</u> |
| C Cash flow from Financing Activities | | |
| Proceeds from Borrowings | 4,045.60 | 6,887.80 |
| Repayment of Borrowings | (3,499.72) | (5,020.03) |
| Payment of Interest | (1,412.24) | (746.97) |
| Dividend paid | (123.00) | (123.00) |
| Net cash from / (used) in Financing Activities | <u>(989.36)</u> | 997.80 |
| Net change in Cash & Cash Equivalents (A+B+C) | <u>(78.81)</u> | (530.34) |
| Cash & Cash Equivalents (Opening Balance) | <u>284.76</u> | 815.10 |
| Cash & Cash Equivalents (Closing Balance) | <u>205.95</u> | <u>284.76</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

On behalf of the Board,

R.N. SETHNA
Director

A. K. JATIA
Director

Mumbai, Dated : 23rd May, 2013

Mumbai, Dated : 23rd May, 2013

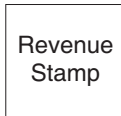
PROXY FORM

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 24th day of August, 2013 and at any adjournment thereof.

Signed at this day of 2013.



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 Eighth Annual General Meeting of the Company at its Registered Office at Thergaon, Pune 411 033 at 9.00 a.m. on Saturday, the 24th day of August, 2013.

Name of Shareholder

Folio No./Depository A/c No.

Name of Proxy (If any)

No. of Shares held




Signature of Member / Proxy

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

PRABODHI
2447263

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges:

| | | |
|----|--|--|
| 1. | Name of the Company | PUDUMJEE PULP & PAPER MILLS LTD. |
| 2. | Annual Financial Statements for the year ended | 31 st March, 2013 |
| 3. | Type of Audit observation | Unqualified |
| 4. | Frequency of observation | N.A. |
| 5. | To be signed by - CEO - Mr.V.P. Leekha CFO - Mr.S.K.Bansal Auditor of the Company - Khare & Co. Audit Committee Chairman - Mr.B.C. Dalal |  15/3  FOR KHARE & CO. Chartered Accountants, <i>Khare</i> PROPRIETOR  |