

**PUDUMJEE
PULP & PAPER MILLS
LIMITED**



PUDUMJEE

**Annual Report
2010 – 2011**

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS:

M. P. JATIA (Chairman & Managing Director)
V. O. SOMANI
O. P. GUPTA
R. N. SETHNA
A. K. JATIA
V. P. LEEKHA
S. K. BANSAL
B. C. DALAL

BANKERS:

STATE BANK OF INDIA
IDBI BANK LTD.
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, VITHAL RAO NAGAR,
MADHAPUR.
HYDERABAD 500 081.

DEMAT STOCK CODE:

INE606A01024

EQUITY SHARES ARE LISTED AT:

MUMBAI, PUNE & NATIONAL STOCK EXCHANGES.

NOTICE

The Forty sixth 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 27th day of August, 2011 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2011, 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 2010-2011.
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. A.K. Jatia who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. B.C. Dalal 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

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

7. "RESOLVED THAT pursuant to provisions of Section 293(1)(d) of the Companies Act, 1956 and all other enabling provisions, if any, and in supersession of the resolution passed at the Annual General Meeting held on 26th August, 1997, the Directors of the Company be and are hereby authorized to borrow money from time to time from any one or more bodies corporate or financial institutions, Banks or any entity or any person or persons by way of credit, advance or other loans or deposits whether unsecured or secured by mortgage, charge, hypothecation or pledge of the fixed assets and properties of the Company whether moveable or immoveable or stock-in-trade including raw materials, stores, spares or components installed or uninstalled or in transit and of goods-in-process and finished goods for the purpose of carrying on the business of the Company notwithstanding that such borrowings, together with money already borrowed by the Company (apart from temporary loans obtained if any, from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose for the time being and from time to time but so that the total amount of money so borrowed by the Directors shall not exceed the sum of Rupees One thousand crores".

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

8. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of the whole or substantially the whole of the undertaking(s), immovable and movable properties of the Company wheresoever situate, present and future, in connection with the borrowings, loans from Banks, Financial Institutions and other Lenders, together with power to the lenders to takeover the management of the business and concern of the Company in certain events, to or in favour of any Financial Institution, Bank, Mutual Fund, Trustees for any instrument of debt or any other Body Corporate or entity to secure any such borrowings by the Company in Indian Rupees or Foreign currency together with interest, compound/additional interest, commitment charge, premium on pre payment or on redemption, cost, charges, expenses and all other monies payable to such lenders in terms of their respective Loan/ Trusteeship Agreement entered in to or to be entered into by the Company in respect of such borrowings, so however that the aggregate of all such borrowings does not exceed Rupees One Thousand crores.

"FURTHER RESOLVED THAT the Board of Directors of the Company (including any Committee of Directors so appointed by the Board) be and is hereby authorized to finalise with such Financial Institutions, Banks, Mutual Funds, Trustees for any instrument or Other Bodies Corporate or entity the relevant documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

PUDUMJEE PULP & PAPER MILLS LIMITED

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 Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the above mentioned items 7 & 8 is annexed hereto.

The Register of members and Share Transfer Books of the Company will remain closed from Thursday, the 11th day of August, 2011 to Saturday, the 27th day of August, 2011, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 6th September, 2011 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 27th August, 2011. 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 10th August, 2011 as per the details furnished by the Depositories for this purpose. The payment of Dividend will be subject to the provisions of Section 206 A of the Companies Act, 1956.

Messrs. V.O. Somani, A.K. Jatia and B.C. Dalal whose appointments are to be considered by the Annual General Meeting as mentioned above hold 7,310, 19,50,894 and Nil shares of the Company.

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 : 26th May, 2011.

Important Communication to Members

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:

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.

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 26th May, 2011 convening the Annual General Meeting.

RESOLUTION NO.7

Section 293(1)(d) of the Companies Act, 1956 provides that the Company cannot borrow money where the monies so borrowed together with monies already borrowed exceed the aggregate of the paid-up capital of the Company and its free reserves without the sanction of a General Meeting. By a resolution passed at the Annual General Meeting of the shareholders of this Company held on 26th August, 1997, the Directors were authorized to borrow money upto a limit of Rupees 200 crores. Since then the Company has expanded its activities considerably and proposes to borrow monies for its future expansion programmes. The total borrowings of the Company may, therefore, exceed this limit. As such the Directors commend for your approval the resolution mentioned in this item.

None of the Directors of the Company is concerned or interested in this resolution.

RESOLUTION NO.8

The Company has been sanctioned loans from Banks, Financial Institutions for its upcoming Paper Manufacturing activities at Mahad, Dist. Raigad and also proposes to borrow further for the increased activities of the Company. These loans would be required to be secured by way of an equitable mortgage on the Company's block of assets and the whole of the undertaking of the Company with a power to takeover the management of business, concern and undertaking of the Company, in certain events. Since this may be deemed to be disposal of the company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956, it would be necessary for the members to pass a resolution under the said Section authorizing the Board of Directors to create such charge in favour of the Lenders. The Directors, therefore, commend for your approval the resolution set out under item 8 of the Notice convening the meeting.

None of the Directors of the Company is concerned or interested in this resolution.

By Order of the Board of Directors,

S.K. BANSAL

SECRETARY

Registered Office:

Thergaon, Pune 411 033.

Dated : 26th May, 2011.

PUDUMJEE PULP & PAPER MILLS LIMITED

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

PARTICULARS	₹ IN LACS										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	As At 31st March
Shareholders Fund	13,063	14,685	14,069	13,929	13,040	12,518	12,169	11,828	11,714	11,857	
Borrowed Funds	4,500	6,823	5,206	8,218	6,803	7,038	4,244	5,206	6,815	6,576	
TOTAL	17,563	21,508	19,275	22,147	19,843	19,556	16,413	17,034	18,529	18,433	
Net Fixed Assets	9,529	11,082	11,998	12,727	12,656	11,783	10,517	10,620	11,572	12,373	
Investments	1,754	2,049	1,006	967	896	829	819	811	818	440	
Working Capital	6,280	8,377	6,271	8,453	6,291	6,944	5,077	5,603	6,139	5,620	
TOTAL	17,563	21,508	19,275	22,147	19,843	19,556	16,413	17,034	18,529	18,433	
Book value of Equity per share (₹)	32*	36*	172	170	159	153	148	144	143	145	
Earning per share (₹)	1.80*	2.69*	4.42	6.43	5.61	5.88	7.48	2.27	0.80	6.33	
Dividend per share (₹)	0.30*	0.30*	0.25*	1.20	1.20	1.20	1.20	1.00	1.00	1.50	

* ₹2/- per share

DIRECTORS' REPORT TO THE MEMBERS.

The Directors present the 46th Annual Report on the working of the Company for the year ended 31st March, 2011 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	2010-2011	Previous Year
	₹ in lacs	₹ in lacs
The gross profit before interest and Depreciation is	1913.42	2703.74
Reducing therefrom Interest of and Depreciation of	33.20	150.84
The net profit comes to	1013.12	1014.94
and the balance of Profit brought forward from last year of	1013.12	1537.96
	2484.49	2099.96
the total comes to	3497.61	3637.92
Adjusting against this amount the Following, namely:		
Provision for Current Taxation of	329.00	688.00
Provision/(Saving) for Deferred Taxation of	(-) 127.00	(-) 178.00
Prior period expenses	629.36	—
Provision for Impairment of Assets	1397.26	—
Deferred Tax Saving on Impairment	(438.00)	—
Dividend on Equity Shares of	123.00	123.00
Tax on Dividend of	19.95	20.43
And Transfer to General Reserve of	100.00	500.00
Totalling to	2033.57	1153.43
There remains a balance of which the Directors propose to carry-forward to next year's accounts.	1464.04	2484.49

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

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has not been any material departure;
- b. 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, 2011 and of the profit of the Company for that period;
- c. 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
- d. 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, 2011 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 27th day of August, 2011. 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 10th August, 2011 as per the details furnished by the Depositories for this purpose.

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OPERATIONS

The encouraging performance in terms of profitability witnessed by the Company during the last year continued in the first half of the year under review whereafter the disproportionate higher input cost negated the trend. The Management's efforts in neutralizing the higher cost by further optimizing the product mix of specialty papers are currently yielding satisfactory results.

With a view to partly cater to the Company's power requirement, a Wind Power project at Sadawaghapur in Maharashtra having capacity of 2.5 MW has been commissioned in March this year to the extent of 1.25 MW and the remaining capacity is expected to be commissioned by June 2011.

The Company has acquired a unit having land of about 75 acres at Mahad, District Raigad in Maharashtra for which necessary documentation is in advanced stage of completion where Company proposes to set up a Paper / Board manufacturing facility at a cost of about ₹100 crores.

The Real Estate project of the Company at Pune in Partnership viz ; Pudumjee:G-Corp Developers' having aggregate saleable area of 9.3 lac sq.fts. comprised in about 650 mid sized luxurious flats to be constructed in 3 phases is progressing satisfactorily. The possession of 188 flats is expected to be handed over in the current year when the revenue is expected to be recognized by the firm and consequently by the Company.

The labour relations in the Company remained peaceful.

Out of 71 Fixed Deposits amounting to ₹22,54,000 which had matured for payment as at the close of 31st March, 2011, 33 deposits of the value of ₹11,89,000 have been claimed upto 17th May, 2011.

DIRECTORS

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

Pursuant to the resolution passed by the shareholders at the Extra-Ordinary General Meeting, Mr. Ved P. leekha has been designated as Chief Executive Officer for the Paper business of the Company and an application to Central Government has been made for the revised remuneration payable to him, the approval for which is awaited.

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 provisions of Section 217(1)(e) of the Companies Act, 1956 is annexed hereto and marked Annexure "A".

During the year under review no employee was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended to date.

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 "B".

On behalf of the Board of Directors,

Mumbai,
Dated : 26th May, 2011.

MAHABIR PRASAD
CHAIRMAN

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, 2011.

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 WPRP Pumps by reducing impeller dia.
- Power reduction in compressor by providing VFD.

b) Proposals

Utilisation of flash steam, Insulation of bare/spoiled steam pipe lines.
Replacement of Aeration System by Diffusor System at ETP.
Replacement of ETP higher capacity pumps by optimum capacity pumps.
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 ₹ 86 Lacs per annum.

d) Power and Fuel Consumption:	2010-11	Previous Year
i) Electricity		
(a) Purchased		
- Units (KWH in lacs)	605	358
- Total Amount (₹ In lacs)	3498.48	1965.35
- Average Rate/KWH (₹in lacs)	5.78	5.49
(b) Own Generation:		
(i) Through Power Generator		
Units (KWH in lacs)	1	225
Units per Ltr. Of fuel oil	3.90	4.21
Cost / Unit (₹)	6.26	4.83
(ii) Through Steam Turbine		
Units (KWH in lacs)	22.97	20.29
Cost of equivalent power (₹ In lacs)	132.76	111.39
ii) Steam Coal utilized in Boiler		
(Grade 'C' or Grade 'D' whichever is available)		
Quantity (MT)	25173	21915
Total Amount (₹ In lacs)	1129.63	894.49
Average Rate / MT (₹)	4487	4082
iii) Bagasse utilized in Boiler		
Quantity MT	-	-
Total Amount (₹ In Lacs)	-	-
Average Rate / MT (₹)	-	-
iv) Fuel Oil		
- Quantity (KL)	293	349
- Total Amount (₹ In lacs)	68.96	76.72
- Average Rate (₹ Per KL)	23536	21983
v) Steam (Self generated)		
(From waste heat recovery boiler)		
- Quantity (MT)	-	5057
- Cost of equivalent fuel (₹ In lacs)	-	40.62

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	2010-11	Previous Year
vi) Consumption per tonne of paper produced:		
- Electricity (KWH)	1853	1743
- Fuel Oil (KL)	0.009	0.010
- Steam from WHRB (MT)	-	0.146
- Steam Coal	0.741	0.633
- Bagasse (MT)	-	-

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

II RESEARCH AND DEVELOPMENT :

1 Specific Areas in which R & D Carried out by the Company	(a) Development of new grades of paper like Release base paper, White print base paper, Transfer paper Bake oven paper, Cigarette paper, etc.
	(b) Improvement in quality of existing products with the use of specialty chemicals, alternate furnish, fillers & pigments etc.
	(c) Cost Reduction by substituting partly recycled pulp for virgin fiber, use of alternate dyes & specialty chemicals
2 Benefits derived as a result of Above R & D	(a) New products developed and cost effective production with enhanced quality.
	(b) Conservation of natural resources via replacing virgin fibers with recycled paper pulp in certain paper grades.
3 Future Plan of action	(a) Cost Reduction through use of alternative chemicals for surface improvement etc.
	(b) Development of new value added products.
4 Expenditure on R & D	Rupees in Lacs
(a) Capital	02.19
(b) Recurring	80.80
(c) Total	82.99
(d) Total R & D expenditure as a percentage of Turnover	0.36

III TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

1 Efforts in brief made towards technology absorption, adaptation and innovation	(a) Installation of silent drive in dryer group of paper machine.
	(b) Commissioning of 1st phase of 1.25 MW Wind Power Project.
2 Benefits derived as a result of the above efforts	(a) Machine Performance improved. Renewable energy generation-wind power.
3 No new technology was imported in last five years.	

IV FOREIGN EXCHANGE EARNINGS AND OUTGO:

1 During the year the Company has exported 58 MT of paper at ₹ 44.55 lacs as compared to 64 MT of paper valued at ₹ 46.74 lacs during 2009-10. Though there are good prospects for export of paper, the same is not competitive in view of comparatively higher cost of inputs. The efforts are, however, continuing.
2 Foreign Exchange earned and used were ₹ 44.55 lacs and ₹ 6261.87 lacs, respectively.

On behalf of the Board of Directors,

MAHABIR PRASAD
CHAIRMAN

Mumbai,
Dated : 26th May, 2011

ANNEXURE "B" 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 Chairman and Managing Director to the effect is appended.

Board of Directors:

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

Name	Category	No.of other Directorships & Committee Membership / Chairmanships held			Attendance Particulars (No.of Board Meetings held in 2010-2011-5)
		Directorships	Committee Memberships	Committee Chairmanships	
Mr. M. P. Jatia	CMD/PR	6	-	-	4
Mr. V. O. Somani	NED/IND	3	-	-	4
Mr. O. P. Gupta	NED/IND	1	5	3	1
Mr. R. N. Sethna	NED/IND	7	5	2	1
Mr. V. P. Leekha	WTD/CEO/IND	1	-	-	4
Mr. A. K. Jatia	NED/PR	6	-	1	5
Mr. S. K. Bansal	WTD/IND	4	1	-	5
Mr. B. C. Dalal	NED/IND	4	-	-	5

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

Messrs. V.O. Somani, V.P. Leekha and S.K. Bansal, the Directors of the Company attended last Annual General Meeting held on 28th August, 2010.

During the year 2010-2011 Five Board Meetings were held on the following dates:

-3rd April, 2010, 20th May, 2010, 3rd August, 2010, 1st November, 2010 and 10th February, 2011.

Details of remuneration paid to Directors during the year ended 31st March, 2011:

(Figures in Rupees)

Name	Sitting fees	Salaries	Perquisites	Commission	Total
Mr. M. P. Jatia	–	24,00,000	17,45,413	–	41,45,413
Mr. V. O. Somani	39,000	–	–	–	39,000
Mr. O. P. Gupta	10,000	–	–	–	10,000
Mr. R. N. Sethna	5,000	–	–	–	5,000
Mr. A. K. Jatia	49,000	–	–	–	49,000
Mr. V. P. Leekha	–	23,40,000	12,69,556	–	36,09,556*
Mr. S. K. Bansal	–	21,00,000	7,69,515	–	28,69,515
Mr. B. C. Dalal	46,000	–	–	–	46,000

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*Excluding ₹ 41,72,200/- provided in accounts but to be paid to the extent of approval of Central Government.

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

Appointment of Directors:

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

- 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 7310 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. A.K. Jatia was appointed as Non-Executive Director in 1998 and thereafter was reappointed from time to time on retirement by rotation. Mr.Jatia is a B.S. (Financial and Business Administration) with over 26 years experience in Business and Finance. He holds 19,50,894 equity shares of ₹ 2/- each of the Company. He is Director of the following Companies:

Pudumjee Investment & Finance Co. Ltd., Thacker & Co.Ltd., Chem-Mach Pvt. Ltd., Ubiquitous Trading Pvt. Ltd., Winterpark Investments & Finance Pvt. Ltd. and Fujisan Technologies Ltd.

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

Thacker & Co.Ltd. – Chairman of Audit Committee.

- c) 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 49 years of experience in Business. He is also an Advocate. He holds Nil equity shares of ₹ 2/- each 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.

BOARD PROCEDURE:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

The Company operates in Specialty Paper segment having higher per tonne sales realization with an ability to update its product mix necessitated by market and cost considerations. The average per tonne sales realization this year works out to ₹ 65038/- as against ₹ 59188/- last year. The Company attempts to mitigate the rising cost of inputs especially of raw material and fuel by constantly changing and upgrading its product mix.

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

The Real Estate project for construction of about 650 mid sized luxurious flats in Pune in Partnership is satisfactorily progressing. Encouraged by the success of the project the Company has initiated another Real Estate project at its surplus land having about 2.5 lacs sq.ft. of saleable area.

The Company intends to set up a 50 MW Solar Power project in Rajasthan for which purposes land is in process of being allotted by the Government.

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

The Company employs about 536 employees and Company's relations with the labour remained cordial.

Committee of Directors:

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

(b) Audit Committee:

The Audit Committee consists of four non Executive Directors, out of which three are independent Directors, namely Messrs. O.P. Gupta (Chairman) (Independent Director), V.O.Somani (Independent Director), A.K. Jatia and Mr.Bhupendra 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 2010-2011 viz the first for consideration of Annual Accounts for the year ending 31st March, 2010, the second for consideration of quarterly results for the quarter ending 30th June,2010, the third for consideration of quarterly/half-yearly results for the quarter ending 30th September, 2010, and the fourth for considering quarterly results for the quarter ending 31st December, 2010 respectively. Mr.O.P. Gupta attended one meeting, Mr. V.O. Somani attended three meetings, Mr. A.K. Jatia and Mr. B.C. Dalal attended all the four meetings.

The Statutory Auditors had attended three meetings 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.

PUDUMJEE PULP & PAPER MILLS LIMITED

During the year 2010-2011, the Company received 30 complaints from investors and 3 complaints were received through SEBI and 1 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, 2011 there was 1 transfer of 500 equity shares pending for approval. The transfers are dealt with, invariably, within one month from their date of lodgement.

(d) Remuneration Committee:

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

The broad terms of reference of this Committee are:

- To review and determine the Company's Policy regarding remuneration payable to Managing and Whole-time Directors;
 - To fix their remuneration within the limits laid down under the Companies Act, 1956
- One meeting of the Committee was held during the year on 1st November, 2010 for considering re-designation of Mr.V.P. Leekha as Chief Executive Officer and revision in remuneration payable to him.

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 30th August, 2008, 29th August, 2009 and 28th August, 2010 at 9.00 a.m. (ST).

- (i) Special resolutions were passed for remuneration payable to whole-time Directors on 30th August, 2008. Special Resolutions were passed for Appointment and Remuneration payable to Whole-time Directors on 29th August, 2009. No special resolution was passed at the Annual General Meeting held on 28th August, 2010.
- (ii) An Extra-ordinary General Meeting was held on 11th December, 2010 seeking approval of the Shareholders for the re-designation of Mr.V.P. Leekha as Chief Executive Officer and revision in remuneration payable to him.

Two special resolutions were required to be put through Postal Ballot last year.

No Special Resolution is 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, 27th August, 2011 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 : 11th August, 2011 to 27th August, 2011.
 Last date for receipt
 Of Proxy Form : 25th August, 2011 (before 9.00 a.m.)
 Dividend Payment Date : 6th September, 2011.
 Board Meeting for
 Consideration of
 unaudited results for
 first three quarters : By sixth week 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 2011-2012 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, 2010	26.45	20.00	26.25	20.00	7042.68
May, 2010	31.40	20.10	30.70	20.75	6782.37
June, 2010	29.80	24.60	30.15	25.10	7092.20
July, 2010	28.50	24.65	28.35	24.75	7205.22
August, 2010	29.70	24.70	29.50	24.55	7289.74
Sept., 2010	28.00	25.00	27.75	24.75	7984.45
Oct. 2010	27.00	24.55	27.30	24.45	8036.88
Nov., 2010	31.00	22.10	30.95	19.10	7722.05
Dec. 2010	26.50	19.25	25.95	19.05	7961.06
Jan. 2011	26.80	20.00	25.70	20.00	7128.29
Feb. 2011	24.00	16.70	22.00	16.50	6850.40
March 2011	23.00	15.25	22.70	17.35	7437.26

PUDUMJEE PULP & PAPER MILLS LIMITED

- (d) Registrars & Share Transfer Agents (Share transfer and communication regarding share Certificates, Dividend and change of address) : M/s Karvy Computershare Pvt. Ltd.
17-24, Vithal 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, 2011 : 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	24957481	60.87	1 – 5000	9083	5438871
Banks/Institutions	166175	0.41	5001-10000	447	1751623
			10001-50000	317	3486441
Bodies Corporate	2044466	4.99	50001-100000	36	1278123
Public	13831878	33.73	100000 & above	49	29044942
Total	41000000	100.00		9932	41000000

- (g) Dematerialization of Shares : Approximately 95.70% of the shares are held in dematerialized form as on 31st March, 2011. The trading in Equity Shares of the Company by all investors is permitted only in dematerialized form.

On and from 1st February, 2005, for the convenience of the Shareholders, the Company as required by SEBI is paying the Custody charges to the Depositories viz. NDSL & CDSL and as such the shareholders are requested to take advantage by dematerializing their shares at the earliest.

- Sub-division of shares : Each equity share of the Company of ₹ 10 had been sub-divided into five equity shares of ₹ 2/- each with effect from 01.04.2009.

- (h) In compliance of the amendment to Clause 5A(II) to the Listing Agreements, the procedure spelt out therein is being followed and the letters regarding shares which remained unclaimed are being sent to the concerned shareholders and depending upon their response the relevant unclaimed shares would be transferred to "Unclaimed Suspense Account".

- (i) Liquidity : The total number of shares transferred in the non demat segments during 2010-2011 was 21450.

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- (j) Plant Location : Thergaon, Pune 411 033.
- (k) (i) Investors Correspondence : Karvy Computershare Pvt. Ltd.
(for transfer/dematerialization : 17-24, Vithal Rao Nagar, Madhapur, HYDERABAD
and any other inquiry relating : 500 081.
to the shares of the Company) 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,

Mumbai,
Dated : 26th May, 2011.

MAHABIR PRASAD
CHAIRMAN

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, 2011.

Mumbai,
Dated : 26th day of May, 2011.

MAHABIR PRASAD
Chairman & Managing Director.

PUDUMJEE PULP & PAPER MILLS LIMITED

AUDITORS' CERTIFICATE

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

We have reviewed the records and documents concerning implementation of Corporate Governance procedures set by the Company during the financial year ended 31st March, 2011 and furnished to us for our review.

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

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

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

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

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

Mumbai,
Dated : 26th May, 2011

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

Y. P. SHUKLA
Proprietor.
Membership No. 16203

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Pudumjee Pulp & Paper Mills Ltd., as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement annexed thereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion the said Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards as referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, we report that there are no directors of the Company who are disqualified under section 274(1) (g) of the Act, from being appointed as directors during the year.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by law in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of the Balance sheet of the state of affairs of the Company as at 31st March 2011;
 - ii. In the case of the Profit and Loss Account of the Profit for the year ended on that date and
 - iii. In the case of the Cash Flow Statement of the cash flows for the year ended on that date;

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

- i a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) As explained to us, the fixed assets have been physically verified by the Management at the end of the year. It has been reported to us that, no material discrepancies have been noticed on such verification;
- c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year;
- ii a) It is reported that, the inventories have been physically verified by the management at the end of the year;
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) The Company has maintained proper records of inventories and as explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records;
- iii a) The Company has granted unsecured loans aggregating ₹2278.99 lacs during the year to two Companies, covered in the register maintained under Section 301 of the Companies Act, 1956.

PUDUMJEE PULP & PAPER MILLS LIMITED

- 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, 2011 for a period of more than six months from the date they became payable;
- c) The disputed Statutory dues aggregating ₹ 154.52 lacs that have not been deposited on account of disputes and matters pending before appropriate authorities are as under:-

S. No	Nature of the dues	Forum where the dispute is pending	Amount (₹ in lacs)
1	Excise Duty	High Court, Mumbai. (Dept's Appeal)	20.96
2	Excise Duty	CESTAT (Dept's Appeal)	60.05
3	Excise Duty	CESTAT (Dept's Appeal)	3.54
4	Customs	Commissioner Customs (Import)	68.32
5	Service Tax	Commissioner (Service Tax) / (Dept's Appeal)	1.65

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

Mumbai
Date : 26th May, 2011.

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

Y. P. SHUKLA
Proprietor
Membership No. 16203

PUDUMJEE PULP & PAPER MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	AS AT 31.03.2011 ₹ in lacs	AS AT 31.03.2010 ₹ in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	820.00	820.00
Reserves & Surplus	B	10,370.29	11,352.37
		11,190.29	12,172.37
LOAN FUNDS			
Secured Loans	C	1,368.86	3,178.46
Unsecured Loans	D	3,130.71	3,644.08
		4,499.57	6,822.54
PROVISION FOR DEFERRED TAX		1,574.00	2,139.00
		17,263.86	21,133.91
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	24,546.97	24,516.06
Less : Provision for Depreciation & Impairment in Assets		15,676.56	13,453.41
Net Block		8,870.41	11,062.65
Capital Work in Progress		658.53	19.40
		9,528.94	11,082.05
INVESTMENTS	F	994.87	1,242.99
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	3,282.14	3,165.30
Sundry Debtors		3,123.79	3,078.86
Cash & Bank Balances		209.74	190.21
Loans & Advances		5,911.18	6,260.46
		12,526.85	12,694.83
Less: CURRENT LIABILITIES & PROVISIONS	H		
Liabilities		4,775.92	3,049.28
Provisions		1,010.88	836.68
		5,786.80	3,885.96
NET CURRENT ASSETS		6,740.05	8,808.87
		17,263.86	21,133.91

NOTES AS PER SCHEDULE 'N'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 26th May, 2011

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

On behalf of the Board,
MAHABIR PRASAD
Chairman & Managing Director

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	2010-2011	2009-2010
		₹ in lacs	₹ in lacs
INCOME			
Sales & Income from Operations	I	24,114.72	23,176.33
Less : Excise Duty		804.86	736.07
: VAT / Sales Tax		774.27	640.63
		<u>22,535.59</u>	<u>21,799.63</u>
Other Income	J	161.54	168.03
		22,697.13	21,967.66
EXPENDITURE			
Manufacturing & Other Expenses	K	20,713.57	18,420.69
Trade purchases		125.84	308.88
Interest & Financial Charges	L	33.20	150.84
Depreciation		867.10	1,014.94
		<u>21,739.71</u>	<u>19,895.35</u>
		957.42	2,072.31
INCREASE / (DECREASE) IN STOCK			
Stock at Commencement	M	1,097.13	1,631.48
Stock at Close		1,152.83	1,097.13
		55.70	(534.35)
PROFIT FOR THE YEAR BEFORE TAX			
		1,013.12	1,537.96
Less : Provision for Current Taxation		329.00	688.00
Add/(Less): Deferred Tax Expenses / (Savings)		(127.00)	510.00
		<u>202.00</u>	<u>(178.00)</u>
PROFIT FOR THE YEAR AFTER CURRENT AND DEFERRED TAX			
		811.12	1,027.96
Balance brought forward from last year		2,484.49	2,099.96
		3,295.61	3,127.92
Less : Prior Period Expenses		629.36	—
: Provision for Impairment in Assets		1,397.26	—
: Deferred Tax Saving on impairment		(438.00)	—
		<u>1,588.62</u>	<u>—</u>
AMOUNT AVAILABLE FOR APPROPRIATIONS			
		1,706.99	3,127.92
APPROPRIATIONS :			
Proposed Dividend on Equity			
Shares (Free of Tax)		123.00	123.00
Tax on Proposed Dividend		19.95	20.43
Transfer to General Reserve		100.00	500.00
		<u>242.95</u>	<u>643.43</u>
Balance carried forward to next year		1,464.04	2,484.49
Earning per share -After Current & Deferred Tax			
Basic		1.98	2.51
Diluted		1.55	1.96
(See note no. 15 of Schedule 'N')			

NOTES AS PER SCHEDULE 'N'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 26th May, 2011

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

On behalf of the Board,
MAHABIR PRASAD
Chairman & Managing Director

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011**

	<u>AS AT 31.03.2011</u> ₹ in Lacs	<u>AS AT 31.03.2010</u> ₹ in Lacs
SCHEDULE 'A' - 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 PAID UP		
4,10,00,000 Equity Shares of ₹2/- each	<u>820.00</u>	<u>820.00</u>

Of the above, 9,25,000 Equity shares of ₹ 2/-each were allotted as fully paid up for consideration other than cash and 2,90,00,000 equity shares of ₹ 2/-each were allotted as fully paid up Bonus shares issued by way of utilisation of ₹ 410.00 lacs from share premium account and ₹ 170.00 lacs from General Reserve.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	<u>As At 31.03.2011</u>	<u>As At 31.03.2010</u>
	₹ in Lacs	₹ in Lacs
SCHEDULE 'B' - RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	7,100.00	6,600.00
Add : Transfer from Profit & Loss Account	<u>100.00</u>	<u>500.00</u>
	7,200.00	7,100.00
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 Schedule 'H')		
	162.89	224.52
SURPLUS		
Balance in Profit & Loss Account	<u>1,464.04</u>	<u>2,484.49</u>
	<u>10,370.29</u>	<u>11,352.37</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'C' - SECURED LOANS		
FROM BANKS		
Term Loan (Secured by assets specifically purchased therefrom)	416.00	—
Other Term Loan *	281.20	1,018.22
Other Loans (Against hypothecation of stocks, stores & book debts) **		
Working Capital Demand Loan	—	150.00
Cash Credit	431.66	1,530.24
	<u>431.66</u>	<u>1,680.24</u>
FROM FINANCIAL INSTITUTIONS *		
Term Loan	240.00	480.00
	<u>1,368.86</u>	<u>3,178.46</u>

Note: * Security : First charge on all immoveable and moveable properties of the Company, 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.

** Security : Prior charge as aforesaid and a second charge on immovables.

SCHEDULE 'D' - UNSECURED LOANS

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
FIXED DEPOSITS	2,965.58	2,984.29
UNCLAIMED INTEREST ON FIXED DEPOSITS	3.37	1.59
SHORT TERM LOANS & ADVANCES		
From Bank	—	500.00
From Others	161.76	158.20
	<u>161.76</u>	<u>658.20</u>
	<u>3,130.71</u>	<u>3,644.08</u>

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)

(₹ In Lacs)

SCHEDULE 'E' - FIXED ASSETS (At Cost)

TYPE OF ASSETS	Cost upto 31.3.2010	Additions/ Transfers during the year	Deductions/ Transfers during the year	Balance Cost upto 31.3.2011	Depreciation upto 31.3.2010	Depreciation for the year	Depreciation on sold Assets and on deductions written back	Depreciation Balance as on 31.3.2011	Provision for Impairment	Net Book Value as on 31.3.2011	Net Book Value as on 31.3.2010
Land - Freehold	5.89	-	-	5.89	-	-	-	-	-	5.89	5.89
- Leasehold	-	19.50	-	19.50	-	-	-	-	-	19.50	-
Building	2,388.20	-	-	2,388.20	876.15	57.98	-	934.13	-	1,454.07	1,512.05
Expenditure for											
Dam, Weir etc.	629.36	-	629.36	-	-	-	-	-	-	-	629.36
Machinery	20,877.61	668.44	32.85	21,513.20	12,118.92	772.23	31.20	12,859.95	1,397.26	7,255.99	8,758.69
Laboratory Equipments	21.89	2.19	-	24.08	13.49	1.45	-	14.94	-	9.14	8.40
Furniture & Fixtures	375.15	7.57	0.35	382.37	317.39	11.14	0.31	326.22	-	54.15	57.76
Vehicles	217.96	6.95	11.18	213.73	127.46	24.30	9.70	142.06	-	71.67	90.50
Total	24,516.06	704.65	673.74	24,546.97	13,453.41	867.10	41.21	14,279.30	1,397.26	8,870.41	11,062.65
Previous year	24,658.08	218.46	360.48	24,516.06	12,779.95	1,014.94	341.48	13,453.41	-	11,062.65	11,878.13

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'F' - INVESTMENTS		
LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS (unquoted)		
Investment in Subsidiary Companies :		
1,990,000 Equity Shares of Pudumjee Investment & Finance Company Ltd. Of ₹10/- each fully paid.	199.00	199.00
3,000,000 12% Non Cumulative Redeemable Preference shares of Pudumjee Investment & Finance Company Ltd. of ₹10/- each fully paid	300.00	300.00
OTHER INVESTMENTS		
675,000 Equity shares of Pudumjee Plant Laboratories Ltd. of ₹ 10/- each fully paid (unquoted)	60.00	60.00
3,66,725 Equity shares of Pudumjee Industries Ltd. of ₹ 2/- each. fully paid (quoted)	7.66	7.66
Investment in Pudumjee-G : Corp Developers, a Firm	35.00	35.00
2,500 (Last year Nil) Shares of Saraswat Co-op Bank Ltd. of ₹ 10/- each fully paid (unquoted)	0.25	—
SHORT TERM INVESTMENTS (AT COST)		
CURRENT INVESTMENTS (unquoted) (LOWER OF COST OR FAIR VALUE)		
Nil (Last Year 30,003) Units of Bharti AXA Liquid Fund. of ₹1000/- each fully paid	—	300.03
Nil (Last Year 10) Units of Bharti AXA Treasury Advantage Fund. of ₹1000/- each fully paid	—	0.10
Nil (Last Year 2,997,961) Units of Birla Sunlife Saving Fund. of ₹10/- each fully paid	—	300.00
1,194,255 (Last Year Nil) Units of SBI Magnum Insta Cash Fund. of ₹10/- each fully paid	200.04	—
4,009,622 (Last Year Nil) Units of SBI Ultra Short Term Fund. of ₹10/- each fully paid	401.21	—
985,825 (Last Year 2,616,831) Units of Reliance Liquid Fund. of ₹10/- each fully paid	150.71	400.05
Nil (Last Year 10) Units of Reliance Money Manager Fund of ₹1000/- each fully paid.	—	0.10
Nil (Last year 189)Units of Birla Sunlife cash Plus of ₹ 10 each fully paid	—	0.05
	1,353.87	1,601.99
Less : Provision for Diminution in value of Long term Investments deducted per contra	359.00	359.00
	994.87	1,242.99
Aggregate amount of quoted investments		
Cost	7.66	7.66
Market Value	66.38	55.19
Aggregate amount of unquoted investments		
Cost	1,346.21	1,594.33

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'G' - CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
INVENTORIES		
STORES, SPARE PARTS ETC. (At lower of cost or realisable value)	803.39	739.93
LOOSE TOOLS (At cost)	1.45	1.41
STOCK-IN-TRADE		
Finished Paper (At lower of cost or market value.)	796.50	840.52
Work-in-process (At cost)	356.33	256.61
Raw material (At cost)	1,324.47	1,326.83
	<u>3,282.14</u>	<u>3,165.30</u>
SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	38.57	110.73
Considered Doubtful	324.46	270.42
	<u>363.03</u>	<u>381.15</u>
Other Debts		
Considered Good	3,085.22	2,968.13
Considered Doubtful	—	0.85
	<u>3,448.25</u>	<u>3,350.13</u>
Less: Provision for Doubtful Debts deducted per contra	<u>324.46</u>	<u>271.27</u>
	<u>3,123.79</u>	<u>3,078.86</u>
C/O	<u>6,405.93</u>	<u>6,244.16</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
CURRENT ASSETS (contd.)		
CASH & BANK BALANCES	6,405.93	6,244.16
On hand as per books	7.94	9.30
On deposit accounts with Scheduled Banks	12.00	61.85
On other accounts with Scheduled Banks	132.58	32.11
Cheques on hand	57.22	86.95
	<u>209.74</u>	<u>190.21</u>
LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Prepaid Expenses	45.35	45.33
Advances to employees of the Company	16.18	15.37
Deposits	32.94	32.49
Advances recoverable in cash or in kind		
considered good	5,816.71	6,167.27
considered doubtful	52.39	43.95
	<u>5,963.57</u>	<u>6,304.41</u>
Less : Provision for Doubtful Advances deducted per contra	52.39	43.95
	<u>5,911.18</u>	<u>6,260.46</u>
	<u><u>12,526.85</u></u>	<u><u>12,694.83</u></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'H' - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Acceptances	1,812.61	1,476.87
Sundry Creditors	2,783.09	1,465.06
Unclaimed dividend	13.44	11.86
Interest on Loans accrued but not due	166.78	95.49
	4,775.92	3,049.28
PROVISIONS		
Provision for Diminution in value of Long term Investments & Impairment of Assets As per Last Balance Sheet	359.00	359.00
Transferred from Profit and Loss Account For provision for impairment	959.26	—
For deferred tax savings thereon	438.00	—
	1,397.26	—
	1,756.26	359.00
Less : Deducted per contra		
From Investment	359.00	359.00
From Fixed Assets	1,397.26	—
	1,756.26	359.00
Provision for Doubtful Debts & Advances	539.74	539.74
Less : Debts & Advances considered doubtful as deducted per contra	376.85	315.22
	162.89	224.52
Less : Surplus provision shown under Reserve & Surplus	162.89	224.52
	—	—
Provision for Current Taxation (Less : Advance Income Tax etc.)	273.61	146.25
Provision for Gratuity & Leave Encashment	614.27	567.43
Proposed Dividend	123.00	123.00
	1,010.88	836.68
	5,786.80	3,885.96

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

		<u>2010-2011</u>	<u>2009-2010</u>
		₹ in Lacs	₹ in Lacs
SCHEDULE 'I' - SALES & INCOME FROM OPERATIONS			
PAPER	22,950.32	22,013.73	
Less : Excise Duty	804.47	734.99	
: VAT / Sales Tax	765.33	631.33	
		<u>21,380.52</u>	20,647.41
TRADE SALES	129.76	344.25	
Less : VAT / Sales Tax	3.32	—	
		<u>126.44</u>	344.25
MISCELLANEOUS SALES	104.52	94.53	
Less : Excise Duty	0.39	1.08	
: VAT / Sales Tax	5.62	9.24	
		<u>98.51</u>	84.21
PROCESSING & OTHER CHARGES	930.12	723.82	
Less : VAT / Sales Tax	—	0.06	
		<u>930.12</u>	723.76
		<u>22,535.59</u>	<u>21,799.63</u>

		<u>2010-2011</u>	<u>2009-2010</u>
		₹ in Lacs	₹ in Lacs
SCHEDULE 'J' - OTHER INCOME			
DIVIDENDS			
Others		12.57	9.51
PROFIT ON SALE/TRANSFER OF FIXED ASSETS (NET)		2.07	—
PROFIT ON SALE OF INVESTMENTS			
On Current Investments		—	0.28
NET FOREIGN EXCHANGE GAIN		69.88	103.79
MISCELLANEOUS INCOME		77.02	54.45
		<u>161.54</u>	<u>168.03</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

	2010-2011	2009-2010
	₹ in Lacs	₹ in Lacs
SCHEDULE ' K' - MANUFACTURING & OTHER EXPENSES		
CONSUMPTION OF RAW MATERIALS	10,496.16	8,615.09
CONSUMPTION OF STORES, COLOURS, CHEMICALS etc.	2,049.03	2,071.10
SALARIES, WAGES, BONUS etc.		
Salaries, Wages, gratuity & Bonus	1,413.37	1,377.52
Contribution to Provident & Other Funds (Including Administrative Charges)	138.30	110.96
Employees State Insurance	5.83	2.87
Workmen & Staff Welfare Expenses	88.44	65.05
	1,645.94	1,556.40
FUEL, POWER & WATER	4,757.65	4,066.95
RENT, RATES & TAXES		
Includes Rent paid ₹ 5.15 lacs (Last Year ₹ 5.15 lacs)	70.55	109.67
EFFLUENT DISPOSAL EXPENSES	51.36	39.81
REPAIRS & MAINTENANCE		
Machinery	477.46	851.89
Buildings	43.77	46.40
Others	11.18	10.70
	532.41	908.99
INSURANCE	14.59	14.01
PACKING, CARTAGE, CUTTING, BALING, FREIGHT ETC.	391.40	357.18
COMMISSION ON SALES	133.81	133.19
DIRECTORS' FEES & ALLOWANCES	1.49	1.51
DIRECTORS' REMUNERATION	166.04	161.51
DEVELOPMENT & RESEARCH EXPENSES	80.80	70.02
LOSS ON SALE / TRANSFER OF ASSETS (NET)	—	7.23
BAD DEBTS & ADVANCES WRITTEN OFF	8.08	6.99
OFFICE & MISCELLANEOUS EXPENSES	314.26	301.04
	20,713.57	18,420.69

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

	2010-2011	2009-2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'L' - INTEREST & FINANCIAL CHARGES		
INTEREST ON FIXED TERM LOANS	445.88	475.11
OTHER INTEREST & FINANCIAL CHARGES	<u>157.28</u>	<u>181.99</u>
	603.16	657.10
LESS: INTEREST RECEIVED ON TRADE DEBTS	150.85	158.13
INTEREST RECEIVED FROM OTHERS	<u>419.11</u>	<u>348.13</u>
	<u>569.96</u>	<u>506.26</u>
	<u>33.20</u>	<u>150.84</u>

	2010-2011	2009-2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'M' - INCREASE/ (DECREASE) IN STOCK		
STOCK AT COMMENCEMENT		
Finished Paper	840.52	1,482.28
Work-in-Process	<u>256.61</u>	<u>149.20</u>
	1,097.13	1,631.48
STOCK AT CLOSE		
Finished Paper	796.50	840.52
Work-in-Process	<u>356.33</u>	<u>256.61</u>
	<u>1,152.83</u>	<u>1,097.13</u>
	<u>55.70</u>	<u>(534.35)</u>

**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

SCHEDULE 'N' -

1 Information required under Schedule VI

	2010-2011		2009-2010	
	Quantity M.T	Value ₹in lacs	Quantity M.T	Value ₹in lacs
Turnover: (Inclusive of Excise Duty, VAT and Sales Tax collected)				
Paper	34,110	22,950.32	36,126	22,013.73
Trade Sales				
Pulp	259	105.70	992	278.91
Others	—	24.06	—	65.34
Processing charges	—	930.12	—	723.82
Others	—	104.52	—	94.53
The value of raw materials consumed and quantities thereof:				
Pulp	24,319	8,739.91	30,154	7,856.29
Waste Paper	11,186	1,756.25	6,896	758.80
Trade Purchase				
Pulp	259	101.72	992	244.35
Others	—	24.12	—	64.53
Opening Stock of goods produced				
Paper	1,472	840.52	2,985	1,482.28
Closing stock of goods produced				
Paper	1,311	796.50	1,472	840.52
Licenced Capacity:				
Paper	Not Applicable (Delicenced)		Not Applicable (Delicenced)	
Installed capacity:				
Paper	36,000 MT		42,500 MT	
Installed capacities are certified by the management and relied upon by the auditors being a technical matter.				
Actual Production:				
Paper	33949 MT		34613 MT	
Pulp	22034 MT		16686 MT	
(Includes processed for others)	14580 MT		11394 MT	
Value of direct imports calculated on CIF basis during the financial year				
Raw Material		6007.80		5774.19
Components & Spare Parts		160.76		451.25
Capital Goods		—		—
Goods for resale		86.91		308.33
Expenditure in foreign currency during the financial year on account of royalty, know-how, interest, professional consultation, travelling, subscription and periodicals etc.		6.40		8.98

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (Contd.)

1. Information required under schedule VI (Contd.)

Value of raw materials, spare parts and components consumed during the financial year and the percentage thereof

	2010-2011		2009-2010	
	Value (₹ in lacs)	%	Value (₹ in lacs)	%
Raw Materials:				
Direct Imports	6,913.12	65.86	6,014.49	69.81
Others	3,583.04	34.14	2,600.60	30.19
Total:	10,496.16	100.00	8,615.09	100.00
Spare Parts & Components:				
Direct Imports	276.21	11.78	554.95	20.15
Others	2,069.15	88.22	2,199.22	79.85
Total:	2,345.36	100.00	2,754.17	100.00
		2010-2011		2009-2010
		(₹ in lacs)		(₹ in lacs)

The amount of dividend for the year 2009-2010 remitted in rupees into NRE Account of 231 (Last year 201) NRI shareholders holding 48,73,360 shares of ₹2/-each (Last year 49,36,815 of ₹2/-each) Equity shares

Export of goods calculated on FOB basis (Earning in foreign Exchange)	14.62	12.34
Deemed Exports (Earning in foreign exchange ₹85.46 lacs.(Last year Nil))	44.55	46.74
	1,917.15	774.83
	1,961.70	821.57
Royalty, Knowhow, Professional and consultation fees, Interest and dividend etc. (Earning in foreign Exchange)	—	—

2 (a) Directors' Remuneration consists of the following:

Managerial remuneration	99.00	68.40
Commission on net profit	—	17.08
Perquisites	33.21	27.26
Company's contribution to Provident / Super Annuation Fund	14.21	8.21
Provision for Gratuity	19.62	40.56
	166.04	161.51

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SCHEDULE 'N' - (Contd.)

Information required under schedule VI (Contd.)

	2010-2011	2009-2010
	(₹ in lacs)	(₹ in lacs)
(b) Computation of net profit as per Section 349 read with section 309 of the Companies Act, 1956		
Profit as per Profit & Loss Account	1,013.12	1,537.96
Add :		
Directors' Remuneration	166.04	161.51
Directors' Fees & Allowances	1.49	1.51
Loss / (Profit) on sale of Assets (Net)	<u>—</u>	<u>7.23</u>
Less :		
Profit on Sale of Investments / Assets (Net)	<u>2.07</u>	<u>0.28</u>
Profit available for Managerial Commission	1,178.58	1,707.93
10% of above	117.86	170.79
Remuneration paid	167.53	163.02
Commission on net profit to Managing Director @ 1%	NIL	17.08
(c) Remuneration includes an amount of ₹41.72 Lacs (Last year ₹Nil) payable to a Director , which has been approved by the shareholders at their meeting held on 11/12/2010 and is awaiting Central Government's approval.		
3 Miscellaneous sales have been stated net of stocks.		
4 Interest,dividend and other income received includes Income tax deducted at source ₹ 59.70 lacs (Last year ₹58.19 lacs)		
5 Salary, Wages, gratuity and bonus (Schedule 'K') does not include a sum of ₹ 90.41 lacs (Last year ₹74.75 lacs) transferred to other accounts.		
6 (a) The company is in the process of setting up a unit at Mahad Dist.Raigad for manufacturing Paper.		
(b) The wind power plant of a capacity of 1.25 MW has commenced operations during the year and the remaining part of the project of 1.25 MW is expected to commence shortly.		
(c) Borrowing cost comprising interest etc. of ₹1.13 lacs (Last year Nil) and the expenses of ₹ 194.87 lacs (last year Nil) relating to the projects have been capitalised.		
7 Payments made to Auditors:	2010-2011	2009-2010
	(₹ in lacs)	(₹ in lacs)
Audit fees	1.75	1.75
Taxation matters	0.60	0.60
Others	<u>1.65</u>	<u>1.65</u>
	<u>4.00</u>	<u>4.00</u>
8 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.		
9 Estimate of contracts remaining to be executed on capital account and not provided for amounted to ₹ 2724.08 lacs (Last year ₹ 7.50 lacs).		
10 Land admeasuring about 3000 Sq.Meters has been acquired by Municipal Corporation for road widening purpose in the earlier years.The Company is entitled to TDR with an out side chance of cash compensation, which is yet to be determined and as such this will be included when finally decided since the relevant documentation is yet to be finalised and executed.		
11 (a) The assets being paper machine No.8 and certain equipments of pulp mill amounting to ₹ 1702.49 lacs have been written down to their recoverable amount being the selling price as estimated by the management, as they are no longer in use. Consequently the estimated impairment loss of ₹ 1397.26 lacs has been charged to the profit and loss account.		

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (Contd.)

- (b) Company's contribution /reimbursements for the assets owned or that may be owned by Government authorities being dam, weir etc.amounting to ₹629.36 lacs, not amortized earlier have been written off as prior period expenses in the profit and loss account.

12 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.

The details of such assets as at the Balance Sheet dates are as under :

	<u>31.03.2011</u>	<u>31.03.2010</u>
	(₹ in lacs)	(₹ in lacs)
Gross Carrying Cost	395.26	395.26
Accumulated Depreciation	90.73	84.29
Depreciation recognized in Profit & Loss Account	6.44	6.44

13 Contingent Liabilities not provided for in respect of:

	<u>AS AT</u> <u>31.03.2011</u>	<u>AS AT</u> <u>31.03.2010</u>
	(₹ in lacs)	(₹ in lacs)
i) Bank Guarantees and Letters of Credit in favour of suppliers of raw materials, spares etc.*	2,192.20	759.24
ii) Guarantee for other Companies *	364.56	161.65
iii) Claims against the Company not acknowledged as debts for excise duty, property tax and commercial claims etc. **	642.30	639.93

* Will not affect the future Profitability.

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

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

- Fixed Assets are valued at cost.
- 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.
- 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.
- 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.
- 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.
- 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.
 - 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.
 - Actuarial gains & losses are recognized immediately in the Profit & Loss Account.
- 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.
- Revenue recognition is postponed to a later year only when it is not possible to estimate it with reasonable accuracy.
- 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.

SCHEDULE 'N' - (Contd.)

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

	AS AT 31.03.2011	AS AT 31.03.2010
Basic EPS:		
(a) Net Profit after tax as per Profit & Loss Account :		
After current and deferred Tax	₹ 811.12 lacs	₹ 1,027.96 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)	₹ 1.98	₹ 2.51
Diluted EPS:		
(d) Value of Originally Sanctioned loan with right of conversion in case of default in repayment obligations*	₹ 1,200.00 lacs	₹ 1,200.00 lacs
(e) Maximum conversion at 20% in case of default in repayment obligations*	₹ 240.00 lacs	₹ 240.00 lacs
(f) Number of Equity Shares of ₹ 2/- each on such notional conversion at the beginning of the year	120.00 lacs	120.00 lacs
(g) Total number of Equity Shares both existing and notionally converted (b+f)	530.00 lacs	530.00 lacs
(h) Net Profit After Tax as per Profit & Loss Account		
After current and deferred Tax	₹ 811.12 lacs	₹ 1,027.96 lacs
Add : Hypothetical saving in Interest for the period on notional conversion	₹ 19.20 lacs	₹ 19.20 lacs
Less : Income Tax thereon	₹ 6.38 lacs	₹ 6.53 lacs
Total of (h)		
After current and deferred Tax	₹ 823.94 lacs	₹ 1,040.63 lacs
(i) Diluted Earning Per Share		
After current and deferred Tax [(h) / g]	₹ 1.55	Re. 1.96

* There has been no default in repayment obligations during the year and the balance of such loan as at 31.03.2011 was ₹ 240 lacs (Last year ₹ 480 lacs)

16 (a) The Deferred Tax Liabilities / (Deferred Tax Assets) into major components is as under :

	AS AT 31.03.2011	AS AT 31.03.2010
	(₹ in lacs)	(₹ in lacs)
In respect of Depreciation	1,910	2,464
In respect of allowances and disallowances under various provisions of Income Tax Act.	(336)	(325)
Net Deferred Tax Liability	<u>1,574</u>	<u>2,139</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, 2011.

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (Contd.)

17 The following amounts which had become due and payable to the credit of The Investor Education and Protection Fund have been so paid and there are no amounts remaining outstanding as at 31st March, 2011 which are to be credited to the fund.

	2010-2011 (₹ in lacs)	2009-2010 (₹ in lacs)
Unclaimed Dividends	1.19	1.75
Unclaimed matured deposits	0.05	0.33
Unclaimed interest on deposits	0.02	0.05
	<u>1.26</u>	<u>2.13</u>

18 Related party disclosures (Accounting Standard 18) :

A) Subsidiary Company

- a) Pudumjee Investment & finance co.Ltd.

B) Associate Firms / Companies

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

C) Key Management personnel

Shri. M. P. Jatia
 Chairman & Managing Director

Shri. V. P. Leekha
 Chief Executive Officer

Shri. S. K. Bansal
 Wholetime Director

(D) Transactions with related Parties

	Subsidiary Company	2010-2011 (2009-2010) Associate Companies	Maximum during the year	(₹ in lacs) Key Management Personnel
a) Interest bearing Inter Corporate Deposits lent during the year	53.99 (88.13)	2225.00 (6097.00)		
b) Interest charged during the year	36.43 (41.28)	284.51 (242.50)		
c) Inter Corporate Deposits / Advances etc. outstanding receivable as at 31st March, 2011 including interest				

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SCHEDULE 'N' - (Contd.)

Transactions with related Parties (Contd.)

		2010-2011 (2009-2010)		(₹ in lacs)
	Subsidiary Company	Associate Companies	Maximum during the year	Key Management Personnel
Pudumjee- G : Corp Developers		127.00 (127.00)	127.00 (127.00)	
Pudumjee Investment and Finance Company Limited	585.23 (555.05)		585.23 (609.66)	
Pudumjee Industries Limited		2,995.06 (4,527.25)	5,027.25 (4,569.00)	
d) Sale / Processing charges of goods during the year	—	913.58 (771.00)		
e) Purchases made during the year	—	2,235.71 (1,196.06)		
f) Reimbursement of common services and utilities during the year.	—	317.94 (186.99)		
g) Remuneration	—	—	—	166.04 (161.51)
h) Guarantees outstanding as at 31st March, 2011	—	364.56 (161.65)		
i) Debts Outstanding as at 31st March, 2011	—	90.77 (73.83)	405.15 (156.23)	
j) Amount payable as at 31st March, 2011	—	1,200.00 (1.15)		
k) Deposits (Unsecured loans) outstanding during the year	—	110.00 (110.00)		

19 Company operates only in one reportable segment i.e. Pulp & Paper.

20 The details of the 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 will recognise profit for the construction of residential complex following completion method in the subsequent year(s), when it will be dealt with by the company in its accounts.

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (Contd.)

Information about business segments (Contd.)

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

- An amount of ₹115.07 lacs (Last year ₹100.31 lacs) has been recognized as an expenses for defined contribution plans by way of Company's contribution to Provident Funds & Super annuation Fund.
- 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.
- Expenses recognized during the year and reconciliation of the Assets & Liabilities recognized in Balance Sheet as at 31.03.2011 :

	Gratuity (Partly funded) (₹ in lacs)		Leave Encashment (Unfunded) (₹ in lacs)	
	2010-11	2009-10	2010-11	2009-10
i) The present value of defined benefit obligations at the commencement of the Year	818.94	672.64	75.05	68.27
ii) Current Service cost	37.91	37.29	6.56	12.16
iii) Interest cost	67.56	52.72	6.19	5.46
iv) Actuarial (Gain) / Loss	8.06	150.49	(2.51)	(7.10)
v) Benefits Paid	(64.18)	(94.20)	(5.13)	(3.74)
vi) Past Service Cost	—	—	—	—
vii) The present value of defined benefit obligations at the close of the Year	868.29	818.94	80.16	75.05
viii) The fair value of plan assets at the close of the year	334.18	326.56	—	—
ix) The Past service cost not yet recognized	—	—	—	—
x) Expected return on plan assets	(28.24)	(29.12)	—	—

Expenses aggregating ₹90.40 lacs (Last year ₹218.16 lacs) covered under items (ii),(iii),(iv),(vi) and (x) above have been debited to the Profit & Loss Account to the extent of ₹70.79 lacs (Last year ₹177.60 lacs) under the Head "Salaries,Wages,Bonus,etc. (Schedule "K") and ₹19.61 lacs (Last year ₹40.56 lacs) under the Head "Directors' remuneration"(Schedule "K")

	2010-11	2009-10	2010-11	2009-10
d) Actuarial assumptions				
i) Rate of interest (Per annum)	8.25%	8.25%	8.25%	8.25%
ii) Salary growth (Per annum)	5.50%	5.50%	5.50%	5.50%
iii) Withdrawal rate (Per annum)	1.00%	1.00%	1.00%	1.00%
iv) Expected return on Plan Assets	9.25%	9.25%	-	-
v) Mortality rates [LIC(1994.96) ultimate]	-	-	-	-

22 The deposits with Banks include ₹9.00 lacs (Last year ₹58.85 lacs) being margin money kept with Bank.

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

SCHEDULE 'N' - (Contd.)

24. Balance Sheet Abstract and Company's General Business Profile –

I. Registration Details

Registration No.

1	3	0	5	8
---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet Date

3	1	0	3	1	1
---	---	---	---	---	---

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Private Placement

N	I	L
---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

1	7	2	6	3	8	6
---	---	---	---	---	---	---

Total Assets

1	7	2	6	3	8	6
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

8	2	0	0	0
---	---	---	---	---

Reserves & Surplus

1	0	3	7	0	2	9
---	---	---	---	---	---	---

Secured Loans

1	3	6	8	8	6
---	---	---	---	---	---

Unsecured Loans

3	1	3	0	7	1
---	---	---	---	---	---

Provision for Deferred Tax

1	5	7	4	0	0
---	---	---	---	---	---

Application of Funds

Net Fixed Assets

9	5	2	8	9	4
---	---	---	---	---	---

Investments

9	9	4	8	7
---	---	---	---	---

Net Current Assets

6	7	4	0	0	5
---	---	---	---	---	---

Misc. Expenditure

N	I	L
---	---	---

IV. Performance of Company (Amount in ₹ Thousands)

Turnover

2	2	5	3	5	5	9
---	---	---	---	---	---	---

Total Expenditure

2	1	6	8	4	0	1
---	---	---	---	---	---	---

Profit/Loss before tax

+	-	1	0	1	3	1	2
---	---	---	---	---	---	---	---

Profit/Loss after tax

+	-	8	1	1	1	2
---	---	---	---	---	---	---

(Please tick appropriate box + for profit, - for Loss)

Earnings per Share in ₹

1	.	9	8
---	---	---	---

Dividend rate %

1	5	.	0
---	---	---	---

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (Contd.)

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	4	8	0	5	9	1	.	0	0							
Product Description	O	P	A	Q	U	E	L	A	M	I	N	A	T	I	N	G
	B	A	S	E	P	A	P	E	R							
Item Code No. (ITC Code)	4	8	0	2	5	5	.	9	0							
Product Description	P	R	I	N	T	I	N	G	P	A	P	E	R			
Item Code No. (ITC Code)	4	8	0	2	5	7	.	9	0							
Product Description	M	A	P	L	I	T	H	O	P	A	P	E	R			

SIGNATURES TO SCHEDULES 'A' TO 'N'

As per our report of date attached.

For **KHARE & CO.**
Chartered Accountants

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 26th May, 2011

On behalf of the Board,

MAHABIR PRASAD
Chairman & Managing Director

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

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

	(₹ in Lacs)	
	<u>2010-2011</u>	<u>2009-2010</u>
A Cash Flow from Operating Activities		
Net profit before Taxation & Extraordinary Items	1,013.12	1,537.96
Adjustments for :		
Depreciation	867.10	1,014.94
Interest & Financial charges	33.20	150.84
Loss on sale of Fixed Assets	—	7.23
Other income	(14.64)	(9.79)
	<u>885.66</u>	<u>1,163.22</u>
Operating profit before Working Capital Changes	1,898.78	2,701.18
(Increase)/Decrease in Inventories	(116.84)	54.16
(Increase)/Decrease in Debtors	(98.12)	(550.04)
(Increase)/Decrease in Advances	(1,114.66)	485.40
Increase/(Decrease) in Liabilities	502.19	798.63
	<u>(827.43)</u>	<u>788.15</u>
Cash Generated from Operations	1,071.35	3,489.33
Income Tax (paid)/Refund Received (Net)	(161.89)	(663.82)
Net cash from Operating Activities	<u>909.46</u>	<u>2,825.51</u>
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,342.65)	(117.45)
Sale Proceeds of Fixed Assets etc.	5.24	11.77
Investment in Mutual Funds etc.	248.12	(2,175.33)
Sales Proceeds of Investments	—	1,175.39
Change in Loans & Advances	1,454.97	(2,983.73)
Interest Received	510.79	451.03
Dividend Received	12.57	9.51
Net cash from / (used) in Investing Activities	<u>889.04</u>	<u>(3,628.81)</u>
C Cash flow from Financing Activities		
Proceeds from Borrowings	2,604.47	3,291.91
Repayment of Borrowings	(3,727.44)	(1,675.83)
Payment of Interest	(533.00)	(622.65)
Dividend paid	(123.00)	(102.50)
Net cash from / (used) Financing Activities	<u>(1,778.97)</u>	<u>890.93</u>
Net change in Cash & Cash Equivalents (A+B+C)	19.53	87.63
Cash & Cash Equivalents (Opening Balance)	190.21	102.58
Cash & Cash Equivalents (Closing Balance)	<u>209.74</u>	<u>190.21</u>

Note : Figures in brackets represent cash outflows.

Correctly extracted from Audited Accounts of the Company.

On behalf of the Board,

For **KHARE & CO.**
Chartered Accountants

MAHABIR PRASAD
Chairman & Managing Director

Y. P. SHUKLA
Proprietor

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

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

Mumbai, Dated : 26th May, 2011

PUDUMJEE PULP & PAPER MILLS LIMITED

**STATEMENT PURSUANT TO SECTION 212(1)(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, 2011 which is the financial year end of both the Companies.
2. No part of the net loss of ₹ 37.28 Lakhs for the current financial year ended 31st March, 2011 and no part of net loss of ₹ 357.74 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, 2011.

On behalf of the Board,

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

B. C. DALAL
Director

MAHABIR PRASAD
Chairman & Managing Director

Mumbai,
Dated : 26th May, 2011

Note :

Subsidiary Accounts :

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

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

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors,
Pudumjee Pulp & Paper Mills Limited.
Thergaon, Pune - 411 033.

We have audited the attached Consolidated Balance Sheet of PUDUMJEE PULP & PAPER MILLS LIMITED ("the Company") and its subsidiary as at 31st March, 2011, and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March, 2011; and
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year ended on that date.

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

Y. P. SHUKLA
PROPRIETOR.
Membership No.16203

Mumbai, dated 26th May, 2011

PUDUMJEE PULP & PAPER MILLS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	AS AT 31.03.2011 ₹ in lacs	AS AT 31.03.2010 ₹ in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	820.00	820.00
Reserves & Surplus	B	10,668.56	11,726.50
		11,488.56	12,546.50
LOAN FUNDS			
Secured Loans	C	1,368.85	3,178.46
Unsecured Loans	D	3,130.71	3,644.08
		4,499.56	6,822.54
PROVISION FOR DEFERRED TAX		1,574.00	2,139.00
		17,562.12	21,508.04
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	24,546.97	24,516.06
Less : Provision for Depreciation & Impairment in Assets		15,676.56	13,453.41
Net Block		8,870.41	11,062.65
Capital Work in Progress		658.53	19.40
		9,528.94	11,082.05
INVESTMENTS	F	1,753.76	2,049.03
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	3,408.33	3,294.24
Sundry Debtors		3,123.91	3,078.93
Cash & Bank Balances		210.45	191.01
Loans & Advances		5,325.95	5,705.41
		12,068.64	12,269.59
Less : CURRENT LIABILITIES & PROVISIONS	H		
Liabilities		4,780.34	3,054.40
Provisions		1,008.88	838.23
		5,789.22	3,892.63
NET CURRENT ASSETS		6,279.42	8,376.96
		17,562.12	21,508.04

NOTES AS PER SCHEDULE 'N'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 26th May, 2011

On behalf of the Board,

MAHABIR PRASAD
Chairman & Managing Director

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

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CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	2010-2011 ₹ in Lacs	2009-2010 ₹ in Lacs
INCOME			
Sales & Income from Operation	I	24,153.18	23,297.16
Less : Excise Duty		804.86	736.07
: VAT / Sales Tax		774.27	640.63
		<u>22,574.05</u>	<u>21,920.46</u>
Other Income	J	171.42	212.65
		<u>22,745.47</u>	<u>22,133.11</u>
EXPENDITURE			
Manufacturing & Other Expenses	K	20,754.16	18,424.79
Trade purchases		169.11	356.45
Interest & Financial Charges	L	69.64	192.18
Depreciation		867.10	1,014.94
		<u>21,860.01</u>	<u>19,988.36</u>
		<u>885.46</u>	<u>2,144.75</u>
INCREASE / (DECREASE) IN STOCK			
Stock at Commencement	M	1,226.06	1,752.75
Stock at Close		1,279.01	1,226.06
		<u>52.95</u>	<u>(526.69)</u>
PROFIT FOR THE YEAR BEFORE TAX			
Less: Provision for Current Taxation		329.00	694.10
Add / (Less) : Deferred Tax Saving / (Expense)		(127.00)	(178.00)
		<u>202.00</u>	<u>516.10</u>
PROFIT FOR THE YEAR AFTER TAX			
Balance brought forward from last year		736.41	1,101.96
		<u>2,368.35</u>	<u>1,954.01</u>
Less : Prior Period Expenses		620.81	2.15
: Provision for Impairment in Assets		1,397.26	—
: Deferred Tax Saving on impairment		(438.00)	—
		<u>1,580.07</u>	<u>2.15</u>
AMOUNT AVAILABLE FOR APPROPRIATIONS			
APPROPRIATIONS :		<u>1,524.69</u>	<u>3,053.82</u>
Proposed Dividend on Equity Shares (Free of Tax)		123.00	123.00
Tax on Proposed Dividend		19.95	20.43
Transfer to General Reserve		100.00	500.00
Transfer to Capital Reserve III		(37.45)	42.04
		<u>205.50</u>	<u>685.47</u>
Balance carried forward to next year		<u><u>1,319.19</u></u>	<u><u>2,368.35</u></u>
Earning per share			
Basic		₹	₹
After Current Tax & Deferred Tax.		1.80	2.69
Diluted			
After Current Tax & Deferred Tax.		1.41	2.10
(See note no. 12 of Schedule 'N')			

NOTES AS PER SCHEDULE 'N'

As per our report of date attached.

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

Y. P. SHUKLA
Proprietor

Mumbai, Dated : 26th May, 2011

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

On behalf of the Board,
MAHABIR PRASAD
Chairman & Managing Director

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'A' - 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 PAID UP		
4,10,00,000 Equity Shares of ₹2/- each	<u>820.00</u>	<u>820.00</u>

Of the above, 9,25,000 Equity shares of ₹2/-each were allotted as fully paid up for consideration other than cash and 2,90,00,000 equity shares of ₹2/-each were allotted as fully paid up Bonus shares issued by way of utilisation of ₹4,10,00,000 from share premium account and ₹1,70,00,000 from General Reserve.

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'B' - RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	6,858.39	6,358.39
Add : Transfer from Profit & Loss Account	<u>100.00</u>	<u>500.00</u>
	6,958.39	6,858.39
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	424.35	392.01
Add / (Less) : Transfer from P & L Account	<u>(37.45)</u>	<u>42.04</u>
	386.90	434.05
RESERVE FOR DOUBTFUL DEBTS (See Schedule 'H')		
	162.89	224.52
SURPLUS		
Balance in Profit & Loss Account	<u>1,319.19</u>	<u>2,368.35</u>
	<u>10,668.56</u>	<u>11,726.50</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	<u>AS AT</u> <u>31.03.2011</u>	<u>AS AT</u> <u>31.03.2010</u>
	₹ in Lacs	₹ in Lacs
SCHEDULE 'C' - SECURED LOANS		
FROM BANKS		
Term Loan (Secured by the assets specifically purchased therefrom)	416.00	—
Other Term Loan*	281.20	1,018.22
Other Loans (Against hypothecation of stocks, stores & book debts of parent company)**		
Working Capital Demand Loan	—	150.00
Cash Credit	431.65	1,530.24
	<u>431.65</u>	<u>1,680.24</u>
FROM FINANCIAL INSTITUTIONS *		
Term Loan	240.00	480.00
	<u>1,368.85</u>	<u>3,178.46</u>

Note : * Security : First charge on all immoveable and moveable properties of the Parent Company, 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 and deferred payment guarantees. All these loans shall rank pari passu with the existing and future first charges created in favour of Financial Institutions and Banks.

** Security : Prior charge as aforesaid and a second charge on immovables of the Parent Company.

	<u>AS AT</u> <u>31.03.2011</u>	<u>AS AT</u> <u>31.03.2010</u>
	₹ in Lacs	₹ in Lacs
SCHEDULE 'D' - UNSECURED LOANS		
FIXED DEPOSITS	2,965.58	2,984.29
UNCLAIMED INTEREST ON FIXED DEPOSITS	3.37	1.59
OTHER SHORT TERM LOANS & ADVANCES		
From Bank	—	500.00
From Others	161.76	158.20
	<u>161.76</u>	<u>658.20</u>
	<u>3,130.71</u>	<u>3,644.08</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)
SCHEDULE 'E' - FIXED ASSETS (At Cost)
 (₹ in lacs)

TYPE OF ASSETS	Cost upto 31.3.2010	Additions/ Transfers during the year	Deductions/ Transfers during the year	Balance Cost upto 31.3.2011	Depreciation upto 31.3.2010	Depreciation for the year	Depreciation on sold Assets and on deductions written back	Depreciation Balance as on 31.3.2011	Provision for Impairment	Net Book Value as on 31.3.2011	Net Book Value as on 31.3.2010
Land - Free Hold	5.89	-	-	5.89	-	-	-	-	-	5.89	5.89
- Lease Hold	-	19.50	-	19.50	-	-	-	-	-	19.50	-
Building	2,388.20	-	-	2,388.20	876.15	57.98	-	934.13	-	1,454.07	1,512.05
Expenditure for Dam											
Wier etc.	629.36	-	629.36	-	-	-	-	-	-	-	629.36
Machinery	20,877.61	668.44	32.85	21,513.20	12,118.92	772.23	31.20	12,859.95	1,397.26	7,255.99	8,758.69
Laboratory Equipments	21.89	2.19	-	24.08	13.49	1.45	-	14.94	-	9.14	8.40
Furniture & Fixtures	375.15	7.57	0.35	382.37	317.39	11.14	0.31	328.22	-	54.15	57.76
Vehicles	217.96	6.95	11.18	213.73	127.46	24.30	9.70	142.06	-	71.67	90.50
Total	24,516.06	704.65	673.74	24,546.97	13,453.41	867.10	41.21	14,279.30	1,397.26	8,870.41	11,062.65
Previous Year	24,658.08	218.46	360.48	24,516.06	12,779.95	1,014.94	341.48	13,453.41	-	11,062.65	11,878.13

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011	AS AT 31.03.2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'F' - INVESTMENTS		
LONG TERM INVESTMENTS		
IN ASSOCIATE COMPANIES (UNDER EQUITY METHOD)		
675,000 Equity shares of Pudumjee Plant Laboratories Ltd. of ₹ 10/- each fully paid (unquoted)	60.00	60.00
43,12,515 Equity shares of Pudumjee Industries Ltd. of ₹ 2/- each fully paid (quoted)	966.56	1,013.71
Investment in Pudumjee-G. Corp Developers - a Firm	35.00	35.00
2,500 (Last year Nil) Shares of Saraswat Co-op Bank Ltd. of ₹ 10/- each fully paid (unquoted)	0.25	—
SHORT TERM INVESTMENTS (AT COST)		
CURRENT INVESTMENTS (unquoted) (LOWER OF COST OR FAIR VALUE)		
Nil (Last Year 30,003) Units of Bharti AXA Liquid Fund. of ₹1000/- each fully paid	—	300.03
Nil (Last Year 10) Units of Bharti AXA Treasury Advantage Fund. of ₹1000/- each fully paid	—	0.10
Nil (Last Year 2,997,961) Units of Birla Sunlife Saving Fund. of ₹10/- each fully paid	—	300.00
1,194,255 (Last Year Nil) Units of SBI Magnum Insta Cash Fund. of ₹10/- each fully paid	200.04	—
4,009,622 (Last Year Nil) Units of SBI Ultra Short Term Fund. of ₹10/- each fully paid	401.20	—
2,616,831 (Last Year 2,616,831) Units of Reliance Liquid Fund. of ₹10/- each fully paid	150.71	400.04
Nil (Last Year 10) Units of Reliance Money Manager Fund of ₹1000/- each fully paid.	—	0.10
Nil (Last year 189) Units of Birla Sunlife cash Plus of ₹ 10 each fully paid	—	0.05
	1,813.76	2,109.03
Less : Provision for Diminution in value of Long term Investments deducted per contra	60.00	60.00
	1,753.76	2,049.03
Aggregate amount of quoted investments Cost	966.56	1,013.71
Market Value	780.57	649.03
Aggregate amount of unquoted investments Cost	847.20	1,095.32

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011		AS AT 31.03.2010
	₹ in Lacs		₹ in Lacs
SCHEDULE 'G' - CURRENT ASSETS, LOANS & ADVANCES			
CURRENT ASSETS			
INVENTORIES			
STORES, SPARE PARTS ETC. (At cost) (At lower of cost or realisable value)	803.39	739.93	
LOOSE TOOLS (At cost)	1.45	1.41	
STOCK-IN-TRADE			
Finished Paper / Shares (At lower of cost or market value.)	922.69	969.46	
Work-in-process (At cost)	356.32	256.61	
Raw material (At cost)	1,324.48	1,326.83	
	3,408.33		3,294.24
SUNDRY DEBTORS (Unsecured)			
Debts outstanding for a period exceeding six months			
Considered Good	38.57	110.73	
Considered Doubtful	324.46	270.42	
	363.03	381.15	
Other Debts			
Considered Good	3,085.34	2,968.20	
Considered Doubtful	—	0.85	
	3,448.37	3,350.20	
Less : Provision for Doubtful Debts deducted per contra	324.46	271.27	
	3,123.91		3,078.93
C/O	6,532.24		6,373.17

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

		AS AT 31.03.2011	AS AT 31.03.2010
		₹ in Lacs	₹ in Lacs
CURRENT ASSETS (contd.)			
	B/O	6,532.24	6,373.17
CASH & BANK BALANCES			
		7.94	9.30
	On hand as per books	12.00	61.85
	On deposit accounts with Scheduled Banks	133.29	32.91
	On other accounts with Scheduled Banks	57.22	86.95
	Cheques on hand	<u>210.45</u>	<u>191.01</u>
LOANS & ADVANCES			
(Unsecured, considered good unless otherwise stated)			
		45.35	45.33
	Prepaid Expenses	16.18	15.37
	Advances to employees	32.94	32.49
	Deposits		
	Advances recoverable in cash or in kind		
	considered good	5,231.48	5,612.22
	considered doubtful	52.39	43.95
		<u>5,378.34</u>	<u>5,749.36</u>
	Less : Provision for Doubtful		
	Advances deducted per contra	52.39	43.95
		<u>5,325.95</u>	<u>5,705.41</u>
		<u>12,068.64</u>	<u>12,269.59</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

	AS AT 31.03.2011		AS AT 31.03.2010
	₹ in Lacs		₹ in Lacs
SCHEDULE 'H' - CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Acceptances	1,812.61		1,476.87
Sundry Creditors	2,787.51		1,470.18
Unclaimed dividend	13.44		11.86
Interest on Loans accrued but not due	166.78		95.49
	<u>4,780.34</u>		<u>3,054.40</u>
PROVISIONS			
Provision for Diminution in value of long term investments & Impairment of Assets			
As per last balance sheet	60.00		60.00
Transferred from Profit and Loss Account			
For provision for impairment	959.26		—
For deferred tax savings thereon	438.00		—
	<u>1,457.26</u>		<u>60.00</u>
Less : Deducted per contra			
From Investment	60.00		60.00
From Fixed Assets	1,397.26		—
	<u>1,457.26</u>		<u>60.00</u>
Provision for Doubtful Debts & Advances	539.74		539.74
Less : Debts & Advances considered Doubtful as deducted per contra	376.85		315.22
	<u>162.89</u>		<u>224.52</u>
Less : Surplus provision shown under Reserves & Surplus	162.89		224.52
	<u>—</u>		<u>—</u>
Provision for Current Taxation (Less : Advance Income Tax etc.)	271.61		147.80
Provision for Gratuity & Leave Encashment	614.27		567.43
Proposed Dividend	123.00		123.00
	<u>1,008.88</u>		<u>838.23</u>
	<u>5,789.22</u>		<u>3,892.63</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	2010-2011	2009-2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'I' - SALES & INCOME FROM OPERATIONS		
PAPER	22,950.32	22,013.72
Less : Excise Duty	804.47	734.99
: VAT / Sales Tax	<u>765.33</u>	<u>631.33</u>
	21,380.52	20,647.40
TRADE SALE		
SHARES	38.46	120.84
OTHERS	129.76	344.25
Less : VAT / Sales Tax	<u>3.32</u>	<u>—</u>
	164.90	465.09
MISCELLANEOUS SALES	104.52	94.53
Less : Excise Duty	0.39	1.08
: VAT / Sales Tax	<u>5.62</u>	<u>9.24</u>
	98.51	84.21
PROCESSING & OTHER SERVICE CHARGES	930.12	723.82
Less : VAT / Sales Tax	<u>—</u>	<u>0.06</u>
	930.12	723.76
	<u>22,574.05</u>	<u>21,920.46</u>

	2010-2011	2009-2010
	₹ in Lacs	₹ in Lacs
SCHEDULE 'J' - OTHER INCOME		
DIVIDENDS		
Others	21.86	11.89
PROFIT ON SALE / TRANSFER OF FIXED ASSETS (NET)	2.07	—
PROFIT ON SALE OF INVESTMENTS On Current Investments	—	0.28
SHARE OF PROFIT IN ASSOCIATE COMPANY	—	42.04
NET FOREIGN EXCHANGE GAIN	69.88	103.79
MISCELLANEOUS INCOME	77.61	54.65
	<u>171.42</u>	<u>212.65</u>

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

	<u>31.03.2011</u>	<u>31.03.2010</u>
	₹ in Lacs	₹ in Lacs
SCHEDULE 'K' - MANUFACTURING & OTHER EXPENSES		
CONSUMPTION OF RAW MATERIALS	10,496.16	8,615.09
CONSUMPTION OF STORES, COLOURS, CHEMICALS etc.	2,049.03	2,071.10
SALARIES, WAGES, BONUS etc.		
Salaries, Wages, gratuity & Bonus	1,414.88	1,380.50
Contribution to Provident & Other Funds (Including Administrative Charges)	138.30	110.96
Employees State Insurance	5.83	2.87
Workmen & Staff Welfare Expenses	88.44	65.05
	<u>1,647.45</u>	1,559.38
FUEL, POWER & WATER	4,757.65	4,066.95
RENT, RATES & TAXES { Includes Rent paid ₹ 5.15 lacs (Previous year ₹ 5.15 lacs) }	70.55	109.67
EFFLUENT DISPOSAL EXPENSES	51.36	39.81
REPAIRS & MAINTENANCE		
Machinery	477.46	851.89
Buildings	43.77	46.40
Others	11.18	10.70
	<u>532.41</u>	908.99
INSURANCE	14.59	14.01
PACKING, CARTAGE, CUTTING, BALING, FREIGHT ETC.	391.40	357.18
COMMISSION ON SALES	133.81	133.19
DIRECTORS' FEES & ALLOWANCES	1.49	1.51
DIRECTORS' REMUNERATION	166.04	161.51
DEVELOPMENT & RESEARCH EXPENSES	80.80	70.02
BAD DEBTS & ADVANCES WRITTEN OFF	8.08	6.99
SHARE OF LOSS IN ASSOCIATE COMPANY	37.45	—
LOSS ON SALE /TRANSFER OF FIXED ASSETS	—	7.23
OFFICE & MISCELLANEOUS EXPENSES	315.89	302.16
	<u>20,754.16</u>	<u>18,424.79</u>
<hr/>		
	<u>31.03.2011</u>	<u>31.03.2010</u>
	₹ in Lacs	₹ in Lacs
SCHEDULE 'L' - INTEREST & FINANCIAL CHARGES		
INTEREST ON DEBENTURES & FIXED TERM LOANS	445.88	475.11
OTHER INTEREST & FINANCIAL CHARGES	157.30	182.05
	<u>603.18</u>	657.16
LESS :		
INTEREST RECEIVED ON TRADE DEBTS	150.86	158.13
INTEREST RECEIVED FROM OTHERS	382.68	306.85
	<u>533.54</u>	464.98
	<u>69.64</u>	<u>192.18</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

	<u>31.03.2011</u>	<u>31.03.2010</u>
	₹ in Lacs	₹ in Lacs
SCHEDULE 'M' - INCREASE/ (DECREASE) IN STOCK		
STOCK AT COMMENCEMENT		
Finished Paper / Shares	969.45	1,603.55
Work-in-Process	<u>256.61</u>	<u>149.20</u>
	1,226.06	1,752.75
STOCK AT CLOSE		
Finished Paper / Shares	922.69	969.45
Work-in-Process	<u>356.32</u>	<u>256.61</u>
	<u>1,279.01</u>	1,226.06
	<u>52.95</u>	<u>(526.69)</u>

**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT AND THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

SCHEDULE 'N' -

	2010-2011	2009-2010
	(₹ in lacs)	(₹ in lacs)
Information required under schedule VI		
1 a) Directors' Remuneration of Parent company consists of the following:		
Managerial remuneration	99.00	68.40
Commission on net profit	—	17.08
Perquisites	33.21	27.26
Company's contribution to Provident Fund	14.21	8.21
Gratuity	19.62	40.56
	<u>166.04</u>	<u>161.51</u>

b) Remuneration includes an amount of ₹41.72 Lacs (Last year ₹ Nil) payable to a Director, which has been approved by the shareholders at their meeting held on 11/12/2010 and is awaiting Central Government's approval.

- 2** Sales includes Excise Duty, VAT and Sales Tax recovered. Miscellaneous sales have been stated net of stocks.
- 3** Salary, Wages, gratuity and bonus (Schedule 'K') does not include a sum of ₹ 90.41 lacs (Last year ₹ 74.75 lacs) transferred to other accounts.
- 4** (a) The Parent company is in the process of setting up a unit at Mahad Dist.Raigad for manufacturing Paper.
(b) The wind power plant of Parent company of a capacity of 1.25 MW has commenced operations during the year and the remaining part of the project of 1.25 MW is expected to commence shortly.
(c) Borrowing cost comprising interest etc. of ₹ 1.13 lacs (Last year Nil) and the expenses of ₹ 194.87 lacs (last year Nil) relating to the projects of Parent company have been capitalised.

PUDUMJEE PULP & PAPER MILLS LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT AND THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

SCHEDULE 'N' - (contd.)

	<u>2010-2011</u>	<u>2009-2010</u>
	<u>(₹ in lacs)</u>	<u>(₹ in lacs)</u>
5 Payments made to Auditors: (For all statutory Auditors)		
Audit fees	2.19	2.19
Taxation matters	0.82	0.82
Others	1.71	1.71
	<u>4.72</u>	<u>4.72</u>
6 Estimate of contracts of Parent company remaining to be executed on capital account and not provided for amounted to ₹ 2724.08 lacs (Last year ₹7.50 lacs).		
7 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.		
8 (a) The assets of Parent company being paper machine No.8 and certain equipments of pulp mill amounting to ₹1702.49 lacs have been written down to their recoverable amount being the selling price as estimated by the management, as they are no longer in use. Consequently the estimated impairment loss of ₹1397.26 lacs has been charged to the profit and loss account.		
(b) Parent company's contribution /reimbursements for the assets owned or that may be owned by Government authorities being dam, weir etc.amounting to ₹629.36 lacs, not amortized earlier have been written off as prior period expenses in the profit and loss account.		
9 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.		
The details of such assets as at the Balance Sheet dates are as under :		
	<u>31.03.2011</u>	<u>31.03.2010</u>
	<u>(₹ in lacs)</u>	<u>(₹ in lacs)</u>
Gross Carrying Cost	395.26	395.26
Accumulated Depreciation	90.73	84.29
Depreciation recognized in Profit & Loss Account	6.44	6.44
10 Contingent Liabilities not provided for in respect of:	<u>AS AT</u>	<u>AS AT</u>
	<u>31.03.2011</u>	<u>31.03.2010</u>
	<u>(₹ in lacs)</u>	<u>(₹ in lacs)</u>
i) Letters of Credit and Bank Guarantees in favour of Govt. Authorities and suppliers of raw materials, spares etc.*	2,257.07	812.75
ii) Guarantee for loans granted to Companies *	405.36	199.37
iii) Claims against the Companies not acknowledged as debts for excise duty, property tax, Sales tax, Income tax and commercial claims etc. **	756.61	753.26
* Will not affect the future Profitability.		
** May affect the future profitability to the extent indicated, if such liabilities crystallise.		

SCHEDULE 'N' - (contd.)

11 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.
- d) Stock of Finished goods and Shares 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.

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

	AS AT 31.03.2011	AS AT 31.03.2010
Basic EPS:		
(a) Net Profit after tax as per Profit & Loss Account :		
After current and deferred Tax	₹ 736.41 lacs	₹ 1,101.96 lacs
(b) No. of Equity shares of ₹2/- each :	410.00 lacs	410.00 lacs
(c) Basic EPS (in ₹)		
After current and deferred Tax (a / b)	₹ 1.80	₹ 2.69
Diluted EPS :		
(d) Value of Originally Loan / allotted Debentures with right of conversion in case of default in repayment obligations*	₹ 1,200.00 lacs	₹ 1,200.00 lacs
(e) Maximum conversion at 20% in case of default in repayment obligations*	₹ 240.00 lacs	₹ 240.00 lacs
(f) Number of Equity Shares of ₹ 2/- each on such notional conversion as on 1st April, 2010. (last year 1st April, 2009)	120.00 lacs	120.00 lacs
(g) Total number of Equity Shares both existing and notionally converted (b+f)	530.00 lacs	530.00 lacs

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (contd.)

12 Computation of basic and diluted Earning Per Share (EPS) (contd.)

	<u>AS AT</u> <u>31.03.2011</u>	<u>AS AT</u> <u>31.03.2010</u>
(h) Net Profit After Tax as per Profit & Loss Account		
After current and deferred Tax	₹ 736.41 lacs	₹ 1,101.96 lacs
Add : Hypothetical saving in Interest for the period on notional conversion	₹ 19.20 lacs	₹ 19.20 lacs
Less : Income Tax thereon	₹ 6.38 lacs	₹ 6.53 lacs
Total of (h)		
(i) After current and deferred Tax	₹ 749.23 lacs	₹ 1,114.63 lacs
Diluted Earning Per Share (in ₹)		
After current and deferred [(h)/(g)]	₹ 1.41	₹ 2.10

* There has been no default in repayment obligations during the year and the balance of such loan / debentures as at 31.03.2011 was ₹240 lacs (Last year ₹480 lacs)

13 (a) Break up of Deferred Tax Liabilities / (Deferred Tax Assets) into major components is as under :

	<u>AS AT</u> <u>31.03.2011</u> <u>(₹ in lacs)</u>	<u>AS AT</u> <u>31.03.2010</u> <u>(₹ in lacs)</u>
In respect of Depreciation	1,910	2,464
In respect of allowances and disallowances under various provisions of Income Tax Act.	(336)	(325)
Net Deferred Tax Liability	<u>1,574</u>	<u>2,139</u>

(b) The Deferred Tax Asset in respect of carry forward of losses 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 period ending 31st March, 2011.

14 The following amounts which had become due and payable to the credit of The Investor Education and Protection Fund have been so paid and there are no amounts remaining outstanding as at 31st March, 2011 which are to be credited to the fund.

	<u>31.03.2011</u> <u>(₹ in Lacs)</u>	<u>31.03.2010</u> <u>(₹ in lacs)</u>
Unclaimed Dividends	1.19	1.75
Unclaimed matured deposits	0.05	0.33
Unclaimed Interest on deposits	0.02	0.05
	<u>1.26</u>	<u>2.13</u>

SCHEDULE 'N' - (contd.)

15 Related party disclosures (Accounting Standard 18) :

A) Associate Firms / Companies

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

B) Key Management personnel

- Shri. M.P.Jatia
Chairman & Managing Director
- Shri. V.P.Leekha
Chief Executive Officer
- Shri. S.K.Bansal
Wholetime Director

C) Transactions with related Parties.	2010-2011 (2009-2010) (₹ in lacs)		
	Associate Companies	Maximum during the year	Key Management Personnel
a) Interest bearing Inter Corporate Deposits etc. lent during the year	2,225.00 (6097.00)		
b) Interest charged during the year	284.51 (242.50)		
c) Inter Corporate Deposits / Advances etc. outstanding receivable as at 31st March, 2011 including interest			
Pudumjee-G : Corp Developers	127.00 (127.00)	127.00 (127.00)	
Pudumjee Industries Limited	2,995.06 (4,527.25)	5,027.25 (4569.00)	
d) Sale / Processing charges of goods during the year	913.58 (771.00)		
e) Purchases made during the year	2,235.71 (1,196.06)		
f) Reimbursement of common services and utilities during the year.	317.94 (186.99)		
g) Remuneration paid	- (-)	- (-)	166.04 (161.51)
h) Guarantees outstanding as at 31st March, 2011	364.56 (161.65)		
i) Debts Outstanding as at 31st March, 2011	90.77 (73.83)	405.15 (156.23)	
j) Amounts payable as at 31st March, 2011	1,200.00 (1.15)		
k) Deposits (Unsecured loans) outstanding during the year	110.00 (110.00)		

PUDUMJEE PULP & PAPER MILLS LIMITED

SCHEDULE 'N' - (contd.)

16 Company operates in one reportable segment i.e. Pulp & Paper

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

- An amount of ₹115.07 lacs (Last year ₹100.31 lacs) has been recognized as an expenses for defined contribution plans by way of Company's contribution to Provident Fund & Super annuation Fund.
- 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.
- Expenses recognized during the year and reconciliation of the Assets & Liabilities recognized in Balance Sheet as at 31.03.2011 :

	Gratuity (Partly funded) (₹ in lacs)		Leave Encashment (Unfunded) (₹ in lacs)	
	2010-11	2009-10	2010-11	2009-10
i) The present value of defined benefit obligations at the commencement of the Year	818.94	672.64	75.05	68.27
ii) Current Service cost	37.91	37.29	6.56	12.16
iii) Interest cost	67.56	52.72	6.19	5.46
iv) Actuarial (Gain) / Loss	8.06	150.49	(2.51)	(7.10)
v) Benefits Paid	(64.18)	(94.20)	(5.13)	(3.74)
vi) Past Service Cost	—	—	—	—
vii) The present value of defined benefit obligations at the close of the Year	868.29	818.94	80.16	75.05
viii) The fair value of plan assets at the close of the year	334.18	326.56	—	—
ix) The Past service cost not yet recognized	—	—	—	—
x) Expected return on plan assets	(28.24)	(29.12)	—	—

Expenses aggregating ₹90.40 lacs (Last year ₹218.16 lacs) covered under items (ii),(iii),(iv),(vi) and (x) above have been debited to the Profit & Loss Account to the extent of ₹70.79 lacs (Last year ₹177.60 lacs) under the Head "Salaries,Wages, Bonus,etc. (Schedule "L") and ₹19.61 lacs (Last year ₹40.56 lacs) under the Head " Directors' remuneration"(Schedule "K")

	2010-11	2009-10	2010-11	2009-10
d) Actuarial assumptions				
i) Rate of interest (per annum)	8.25%	8.25%	8.25%	8.25%
ii) Salary growth (per annum)	5.50%	5.50%	5.50%	5.50%
iii) Withdrawal rate (Per annum)	1.00%	1.00%	1.00%	1.00%
iv) Expected return on Plan Assets	9.25%	9.25%	—	—
v) Mortality rates [LIC (1994.96) ultimate]	—	—	—	—

18 The details of the firm 'Pudumjee-G : Corp Developers' in which the Parent Company is a 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 will recognise profit for the construction of residential complex following completion method in the subsequent year(s), when it will be dealt with by the company in its accounts.

19 The deposit with Banks include ₹ 9 lacs (Last year ₹ 58.85 lacs) being margin money kept with Bank.

SCHEDULE 'N' - (Contd.)

20 a) Details of Subsidiary / Associate Companies / Firms :

Name of the company	Country of incorporation	Proportion of Ownership Interest	Minority Interest	Financial Accounting year ended
I) Subsidiary Company				
a) Pudumjee Investment & Finance Co.Ltd.	India	100%	Nil	31.03.2011
II) Associate Companies/ Firms				
a) M/s Pudumjee-G : Corp Developers	India	60%	40%	31.03.2011
b) M/s Prime Developers	India	Nil	N. A.	31.03.2011
c) Pudumjee Industries Ltd.	India	23.96%	N. A.	31.03.2011
d) Pudumjee Plant Laboratories Ltd.	India	27.11%	N. A.	31.03.2011
e) Pudumjee Hygiene Products Ltd.	India	Nil	N. A.	31.03.2011

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 ₹ 37.28 Lacs for the year ending 31st March, 2011, which has been appropriately dealt with in these consolidated financial statements.

c) Financial information of subsidiary company :- Pudumjee Investment & Finance Co.Ltd

	AS AT 31.03.2011 (₹in lacs)	AS AT 31.03.2010 (₹in lacs)
i) Share Capital	499.00	499.00
ii) Reserves & Surplus	—	—
iii) Total Assets	1,084.23	1,054.05
iv) Total Liabilities	1,084.23	1,054.05
v) Investment 3,945,790 Equity shares of ₹2 each fully paid of Pudumjee Industries Limited (Market value ₹714.19 Lacs)	573.16	573.16
vi) Turnover	38.45	120.83
vii) Profit / (Loss) before Tax	(37.28)	38.08
viii) Provision for Tax	—	6.10
ix) Profit / (Loss) after Tax	(37.28)	31.98
x) Proposed Dividend	—	—

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

SIGNATURES TO SCHEDULES 'A' TO 'N'

Correctly extracted from Audited Accounts of the Company.

On behalf of the Board

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

MAHABIR PRASAD
Chairman & Managing Director

Y. P. SHUKLA
Proprietor

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

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

Mumbai, Dated : 26th May, 2011

PUDUMJEE PULP & PAPER MILLS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2011**

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

	2010-2011	2009-2010
	(₹ in Lakhs)	(₹ in Lakhs)
A Cash Flow from Operating Activities		
Net profit before Taxation & Extraordinary Items	938.41	1,618.06
Adjustments for :		
Depreciation	867.10	1,014.94
Interest & Financial charges	69.64	192.18
Loss on sale / Transfer of Fixed Assets	—	7.23
Other income	<u>(23.93)</u>	<u>(12.17)</u>
	912.81	1,202.18
Operating profit before Working Capital Changes	1,851.22	2,820.24
(Increase)/Decrease in Inventories	(114.09)	46.49
(Increase)/Decrease in Debtors	(98.17)	(550.11)
(Increase)/Decrease in Advances Others	(1,114.66)	485.40
Increase/(Decrease) in Liabilities	<u>501.49</u>	<u>794.55</u>
	(825.43)	776.33
Cash Generated from Operations	1,025.79	3,596.57
Income Tax (paid) / Refund Received (Net)	<u>(165.44)</u>	<u>(668.28)</u>
Cash Flow before Extraordinary Items	860.35	2,928.29
(Expenses)/Income of earlier years	8.55	(2.15)
Net cash from Operating Activities	<u>868.90</u>	<u>2,926.14</u>
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,342.65)	(117.45)
Sale Proceeds of Fixed Assets	5.22	11.77
Investment in Mutual Funds Etc.	285.58	(2,217.37)
Sale Proceeds of Investments	—	1,175.39
Change in Loans & Advances	1,485.15	(3,003.31)
Interest Received	474.37	409.75
Dividend Received	21.86	11.89
Net cash from / (used) in Investing Activities	<u>929.53</u>	<u>(3,729.33)</u>
C Cash flow from Financing Activities		
Proceeds from Borrowings	2,604.47	3,291.91
Repayment of Borrowings	(3,727.44)	(1,675.83)
Payment of Interest	(533.02)	(622.71)
Dividend paid	(123.00)	(102.50)
Net cash from / (used) in Financing Activities	<u>(1,778.99)</u>	<u>890.87</u>
Net change in Cash & Cash Equivalents (A+B+C)	19.44	87.68
Cash & Cash Equivalents (Opening Balance)	191.01	103.33
Cash & Cash Equivalents (Closing Balance)	<u>210.45</u>	<u>191.01</u>

Note : Figures in brackets represent cash outflows.

Correctly extracted from Audited Accounts of the Company.

On behalf of the Board,

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

MAHABIR PRASAD
Chairman & Managing Director

Y. P. SHUKLA
Proprietor

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

B. C. DALAL
Director

Mumbai, Dated : 26th May, 2011

Mumbai, Dated : 26th May, 2011

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 27th day of August, 2011 and at any adjournment thereof.

Signed at this day of 2011.



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 sixth Annual General Meeting of the Company at its Registered Office at Thergaon, Pune 411 033 at 9.00 a.m. on Saturday, the 27th day of August, 2011.

Name of Shareholder

Folio No./Depository A/c No.

Name of Proxy (If any)

No. of Shares held

Signature of Member / Proxy

BOOK-POST

If undelivered, please return to :

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

PRABODH
411033