

PUDUMJEE PAPER PRODUCTS LIMITED

Corporate Identity Number: U21098PN2015PLC153717

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Dated: February 17, 2016

FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS

The Hon'ble Bombay High Court has, vide its order dated January 08, 2016, sanctioned the Scheme of Arrangement and Reconstruction (Demerger) under section 391 to 394 of the Companies Act, 1956 between Pudumjee Pulp & Paper Mills Limited ('PPPML' or 'the Demerged Undertaking 1') and Pudumjee Industries Limited ('PIL' or 'the Demerged Undertaking 2') and Pudumjee Hygiene Products Limited ('PHPL' or 'the Demerged Undertaking 3') and Pudumjee Paper Products Limited ('PPPL' or 'the Resulting Company') and their respective shareholders and Creditors ('the Scheme'). **As per the Scheme, the assets and liabilities relating to the paper manufacturing Business of PPPML, PIL and hygiene products business of PHPL have been transferred at book value to PPPL with effect from the Appointed Date i.e. April 1, 2014.**

We wish to inform the shareholders the date of acquisition and the proportionate cost of acquisition of the equity share(s) of PPPL vis-à-vis the cost of acquisition of the equity share(s) of PIL for the purpose of computing the capital gain / loss as per the Provisions of the Income Tax Act, 1961 ('the Act').

The cost of acquisition in respect of each shareholder will be different and is relevant only in cases where shares were acquired / bought before the record date i.e. February 12, 2016.

Applicable Statutory Provisions: Section 49 (2C) & (2D) of the Act.

1. Cost of Acquisition of Resulting Company's Shares	Original cost of acquisition X net book value of assets transferred by the Demerged Company as on the appointed date Net worth of the Demerged Company immediately before Demerger
2. Cost of Acquisition of Shares of demerged Company	Original Cost of Acquisition of shares of the Demerged Company less Cost of Acquisitions of Resulting Company's Shares (as computed under 1 above)

The net book value of assets which relate to the paper manufacturing business as on the appointed date (i.e. 1st April, 2014) was INR 777.13 Lacs and the net worth of PIL immediately before demerger was INR 4,153.49 Lacs. Thus, the proportion of net book value of the assets of PIL transferred vis-à-vis the net worth of PIL, immediately before such demerger will be 18.71%. Accordingly, **the Cost of Acquisition of equity shares of PPPL will be 18.71% of the total cost of acquisition of the original equity share in PIL prior to such demerger.**

To determine post Demerger cost of acquisition of Equity Share(s) of PIL and PPPL in accordance with the provisions of the Income Tax Act, 1961, the shareholders are advised to apportion their pre-demerger cost of equity shares of PIL in the following manner:-

Name of the Company	% of Cost of Acquisition
Pudumjee Industries Limited	81.29
Pudumjee Paper Products Limited	18.71
Total	100.00

For example: A shareholder holds 20 shares of Rs. 2 each in PIL before the record date i.e. February 12 , 2016, and the cost of acquisition for the same is Rs. 15 per share. The shareholder will be allotted 9 fully paid up equity share of Re. 1 for every 20 equity shares of PIL and will also continue to hold 20 shares in PIL.

The proportionate cost of acquisition of 9 shares of Re. 1 each in PPPL will be Rs. 56.13 ((20Shares* Rs.15)*18.71%) and that of 20 share of PIL will be Rs. 243.87((20Shares* Rs.15)*81.29%). Accordingly, the cost of acquisition of each share of PPPL would be Rs.6.24 and the cost of acquisition of each share of PIL would be Rs. 12.19.

As regards the equity share(s) of PPPL credited to your demat account / share certificate received by you, as the case may be, the date of acquisition for the purpose of capital gains/loss will be the date of acquisition of the original share(s) of PIL for each shareholder as per clause (g) in Explanation 1 to section 2(42A) of the Income Tax Act, 1961. Kindly consult your tax advisors, having regard to the facts of your case.

Further, according to the provisions of Section 47(vi)(d) of the Act, the issue of share(s) by a Resulting Company to the shareholders of the Demerged Company, pursuant to the Scheme, is not a transfer and hence not taxable in the hands of the shareholder.

We trust this explains the position clearly and would help you to compute the cost of acquisition per share individually for PPPL, PIL pre and post demerger, if and when the shares are sold attracting capital gains/loss under the Act. The shareholders are advised to seek legal opinion, should they feel it necessary.

This communication is merely for the general guidance of the shareholders, and PPPL/PIL takes no express or implied liability in relation to this guidance.

Please note that if there is a change, including change having a retrospective effect in the statutory laws and regulations, the comments expressed in this communication would necessarily have to be re-evaluated in light of the changes. PPPL/PIL do not take the responsibility of updating this communication at any time in future.

Thanking You,

Yours faithfully

For Pudumjee Paper Products Limited

Sd/-

Vinay Jadhav

Company Secretary