

Songadh Infrastructure & Housing Limited

ANNUAL REPORT 2015-16

Board of Directors

Sh. P.S. Sharma

Sh. V. Kumaraswamy

Sh. Suresh Chander Gupta

Registered Office

P.O. Central Pulp Mills – 394660
Fort Songadh, Dist. Tapi, Gujarat

Banker

Axis Bank

Auditors

Singhi & Co.
Chartered Accountants
New Delhi

DIRECTORS' REPORT

To the Members of Songadh Infrastructure & Housing Limited,

Your Directors are pleased to present the 7th Annual Report and Audited Financial Statements of the Company for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

Audited financial results of the Company for the year under review, are as under:

	Rs. in lakhs	
	2015-16	2014-15
Total Revenue	261.48	262.42
Total Expenses	<u>122.10</u>	<u>61.00</u>
Profit/ (Loss) before Interest & Dep.	139.38	201.42
Interest & Financial charges	<u>80.22</u>	<u>88.18</u>
Profit before Dep. & Tax	59.16	113.24
Depreciation	<u>32.38</u>	<u>33.01</u>
Profit Before Tax	<u>26.78</u>	<u>80.23</u>
Profit/ (Loss) After Tax	(10.57)	50.99

DIVIDEND

The Directors have not recommended dividend to the Members for the financial year ended 31st March 2016.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March 2016 in the prescribed form MGT -9 is attached as Annexure-1 to this Report and forms part of it.

NUMBER OF MEETINGS OF THE BOARD

Five Board Meetings were held during the financial year ended on 31st March, 2016.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year ended 31st March 2016, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arms' length basis and were in compliance with the applicable provisions of the Companies Act, 2013. Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material. In view of the above, disclosure in Form AOC-2 is not applicable.

DIRECTORS

Shri Suresh Chander Gupta retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

During the period under review, the Company had no employee in the category specified under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CONSERVATION OF ENERGY ETC.

Details of conservation of energy, technology absorption, adaptation and innovation, foreign exchange earnings and outgo under section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are not applicable for the period under review.

CORPORATE SOCIAL RESPONSIBILITY

The requirement of Corporate Social Responsibility in terms of Section 135 of the Companies Act, 2013 and the rules made thereunder is not applicable to the Company.

STATUTORY AUDITORS AND THEIR REPORT

M/s Singhi & Co., Chartered Accountants, have been appointed as Auditors of the Company to hold the office from the conclusion of the 5th Annual General Meeting held on 5th September 2014 until the conclusion of the 10th Annual General Meeting to be held in year 2019, subject to ratification of the appointment by the members at the respective AGMs. Accordingly, matter relating to the appointment of the Auditors will be placed for ratification by members at the forthcoming Annual General Meeting. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

RISK MANAGEMENT

The Company has a risk management system to inform Board Members about risk assessment and minimization procedures.

DEPOSITS

The Company has not accepted any deposits from the public during the financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (3) (c) of the Companies Act, 2013, your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Banks, Financial Institutions, Government Authorities and Shareholders during the year under review.

On behalf of the Board of Directors

P.S.Sharma
Director
DIN: 00035882

V.Kumaraswamy
Director
DIN: 02443804

S.C.Gupta
Director
DIN: 01643283

Place: New Delhi
Date : 26th April, 2016

**ANNEXURES TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31st MARCH, 2016**

Annexure -I

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2016
[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]**

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U45203GJ2009PLC055810
2.	Registration Date	02.01.2009
3.	Name of the Company	Songadh Infrastructure & Housing Ltd.
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Registered office :- P.O. Central Pulp Mills -394660 Fort Songadh Distt. Tapi, Gujarat Ph.. No. : 91-2624-220228, 220278-80 Fax No. : 91-2624-220138 Email ID:- scgupta@jkmil.com
6.	Whether listed company	No
7.	Name, Address & contact details of Registrar and Transfer Agent, if any.	M/s MCS Limited F-65, 1 st Floor, Okhla Industrial Area Phase – I, New Delhi -110 020 Ph. No. : (011) - 41406149-52 Fax No. : (011) - 41709881 Email ID : admin@mcsdel.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Rental or leasing services of houses, flats, apartment buildings	99721111	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	JK Paper Limited P.O. Central Pulp Mills – 394660 Fort Songadh, District Tapi, Gujarat	L21010GJ1960PLC018099	Holding	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	600*	600*	0.01	0	600*	600*	0.01	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	49,00,000	50,000	49,50,000	99.99	49,00,000	50,000	49,50,000	99.99	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	49,00,000	50,600	49,50,600	100	49,00,000	50,600	49,50,600	100	0
(2) Foreign									
a) NRIs –Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	49,00,000	50,600	49,50,600	100	49,00,000	50,600	49,50,600	100	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (International Finance Corporation)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0

*These 600 shares are held by 9 individual shareholders as nominees of JK Paper Limited jointly with JK Paper Limited.

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others									
(i) Trust and Foundation	0	0	0	0	0	0	0	0	0
(ii) Non Resident Individuals	0	0	0	0	0	0	0	0	0
(iii) OCB									
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	49,00,000	50,600	49,50,600	100	49,00,000	50,600	49,50,600	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2015)			Shareholding at the end of the year (as on 31st March 2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	JK Paper Limited	49,50,600	100	-	49,50,600*	100	-	No Change
	Total*	49,50,600	100	-	49,50,600	100	-	

*Out of this, 600 shares are held by 9 individual shareholders as nominees of JK Paper Limited jointly with JK Paper Limited.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	JK Paper Limited				
	At the beginning of the year	49,50,600	100	49,50,600*	100
	Increase / Decrease in Promoters Shareholding during the year	No Change			
	At the end of the year i.e., 31.03.2016			49,50,600*	100

*Out of this, 600 shares are held by 9 individual shareholders as nominees of JK Paper Limited jointly with JK Paper Limited.

(iv) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

The Company is wholly owned subsidiary of JK Paper Limited which holds 49,50,600 (100.00%) equity shares of the Company.

(v) Shareholding of Directors and Key Managerial Personnel

None of the Directors of the Company were holding any shares in the Company at the beginning of the year, i.e. as on 1st April 2015 and at the end of the year i.e. as on 31st March 2016 and hence there was no increase/decrease in their shareholding during the financial year 2015-16.

V INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	8.00	-	8.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.62	-	0.62
Total (i+ii+iii)	-	8.62	-	8.62
Change in Indebtedness during the financial year				
• Addition	-	0.63	-	0.63
• Reduction	-	0.62	-	0.62
Net Change	-	0.01	-	0.01
Indebtedness at the end of the financial year				
i) Principal Amount	-	8.00	-	8.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.63	-	0.63
Total (i+ii+iii)	-	8.63	-	8.63

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable.**

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (in Rs.)
1.	Independent Directors	Not Applicable			
	• Fee for attending Board/Committee Meetings				
	• Commission/ Others				
	Total (1)				
2	Other Non-executive Directors	Shri V. Kumaraswamy	Shri P.S. Sharma	Shri Suresh Chander Gupta	
	• Fee for attending Board/Committee Meetings	2,500	2,500	2,500	7,500
	• Commission/ Others	Nil	Nil	Nil	Nil
	Total (2)	2,500	2,500	2,500	7,500
	Total(B)= (1+2)				7,500
	Total Managerial Remuneration (A+B)				7,500
	Overall Ceiling as per the Act	Rs. 3.02 lacs (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: Not Applicable.**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SONGADH INFRASTRUCTURE & HOUSING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SONGADH INFRASTRUCTURE & HOUSING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

1. As required by the Companies' (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statements on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. (a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of written representations received from the directors as on 31st March'2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. The Company did not have any amounts required to be transferred to the Investor Education and Protection Fund.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Place: New Delhi
Date: 26.04.2016

S. N. Sharma
Partner
Membership No. 014781

Annexure A referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: SONGADH INFARSTRUCTURE & HOUSING LIMITED)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, fixed assets were not verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company has no inventory; hence clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted loan to companies, firms or other parties covered in the register maintained under section 189 of the Companies' Act, 2013. Therefore, provision of clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans etc. covered under section 185 and complied with the provisions of section 186 of the Act, in respect of mortgage of township in favour of a bank for loan availed by two companies.
- (v) The Company has not accepted any deposit from public.
- (vi) Rules made by Central Government for the maintenance of cost records under section 148(1) of the Companies' Act, are not applicable to the Company.
- (vii) a. According to the records of the Company, the Company is regular in depositing amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and other material statutory dues with the appropriate authorities. There was no undisputed outstanding statutory dues as at the yearend for a period of more than six months from the date they became payable.
- b. According to the records of the Company there are no dues outstanding on account of Income-tax, Sales-tax, Value Added Tax, Service Tax, Duty of customs, Duty of excise and Cess on account of any dispute.

- (viii) The Company does not have any loan or borrowing from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company, have been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

S. N. Sharma
Partner
Membership No. 014781

Place: New Delhi
Date: 26.04.2016

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Songadh Infrastructure & Housing Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Place: New Delhi
Date: 26.04.2016

S. N. Sharma
Partner
Membership No. 014781

Songadh Infrastructure & Housing Ltd**Balance Sheet as at 31st Mar, 2016****(Amount in Rs.)**

	Note	31st Mar, 2016	31st Mar, 2015
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	2	4,95,06,000	4,95,06,000
Reserves & Surplus	3	1,09,89,141	1,20,45,912
		<u>6,04,95,141</u>	<u>6,15,51,912</u>
Non - Current Liabilities			
Long term Borrowings	4	8,00,00,000	8,00,00,000
Deferred Tax Liability (Net)	22	36,85,793	-
		<u>8,36,85,793</u>	<u>8,00,00,000</u>
Current Liabilities			
Trade Payables		22,04,795	13,01,434
Other Current Liabilities	5	71,10,851	72,27,428
		<u>93,15,646</u>	<u>85,28,862</u>
Total		<u><u>15,34,96,580</u></u>	<u><u>15,00,80,774</u></u>
ASSETS			
Non - Current Assets			
Fixed Assets :			
Tangible Assets	6	14,22,90,304	14,46,54,295
Capital Work- in- progress		-	-
		<u>14,22,90,304</u>	<u>14,46,54,295</u>
Long term loans and advances	7	10,000	10,000
		<u>14,23,00,304</u>	<u>14,46,64,295</u>
Current Assets			
Trade Receivables	8	82,41,805	51,09,703
Cash and Cash Equivalents	9	8,82,833	2,81,441
Short Term Loans and Advances	10	20,24,615	24,268
Other Current Assets	11	47,023	1,067
		<u>1,11,96,276</u>	<u>54,16,479</u>
Total		<u><u>15,34,96,580</u></u>	<u><u>15,00,80,774</u></u>
Significant Accounting Policies	1		

The Notes Referred to above form an integral part of the Balance sheet.

As per our Report of even date attached.

FOR SINGHI & Co.
Chartered Accountants
Firm Reg No. 302049E

(S.N. Sharma)
Partner
M.No. 014781
New Delhi, the 26 day of April 2016

(Directors)

Songadh Infrastructure & Housing Ltd

Statement of Profit & Loss for the year ended 31st Mar, 2016

(Amount in Rs.)			
	Note	2015-16	2014-15
Revenue from Operations			
Rental Income		2,61,13,980	2,61,33,724
Other Income	12	34,052	1,08,614
TOTAL (A)		2,61,48,032	2,62,42,338
Expenses			
Employee Benefits Expense	13	10,68,902	10,41,526
Finance Costs	14	80,21,918	88,17,899
Depreciation and Amortization Expenses	15	32,37,516	33,01,206
Other Expenses	16	1,11,41,044	50,58,344
TOTAL (B)		2,34,69,380	1,82,18,975
Profit/ (Loss) Before Tax (A-B)		26,78,652	80,23,363
Taxes of earlier year		(6,41,172)	-
Provision for Current Tax		6,90,802	29,24,058
Deferred Tax Expenses		36,85,793	-
Profit/(Loss) for the year		(10,56,771)	50,99,305
Basic/ Diluted Earning Per Share (Rs.)		(0.21)	1.03

Significant Accounting Policies

1

The Notes Referred to above form an integral part of the Statement of Profit & Loss.

As per our Report of even date attached.

FOR SINGHI & Co.
Chartered Accountants
Firm Reg No. 302049E

(S.N. Sharma)
Partner
M.No. 014781
New Delhi, the 26 day of April 2016

(Directors)

Note – 1 : Significant Accounting Policies:

- a) Basis of preparation of financial statements:
The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India, under the historical cost convention on accrual basis, and to comply with the Notified Accounting Standards of Section 133 of Companies Act, 2013.
- b) Revenue Recognition:
Rental income is accrued on a time basis, by reference to the agreements entered with Tenant.
- c) Fixed Assets:
Fixed Assets are stated at cost.
- d) Borrowing Costs:
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- e) Depreciation:
Depreciation on Buildings and Furniture, Fixtures & Equipments is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. Depreciation on assets costing up to Rs.5,000/- and on Temporary Sheds is provided in full during the year of additions. Leasehold Land is being amortised over the remaining lease period.
- f) Earnings Per Share:
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- g) Impairment of Assets:
Consideration is given at balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, the recoverable value of assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The latter being greater of net selling price and value in use.

Preliminary expenses are charged to the Statement of Profit & Loss Account in the year in which same are incurred.
- h) Provisions, Contingent Liability & Assets:
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

- i) Deferred tax assets and liabilities are recognised in respect of current year and prospective years. Deferred Tax assets are recognised on the basis of reasonable certainty/virtual certainty as the case may be, that sufficient future taxable income will be available against which the same can be realised.

NOTE 2 :-**SHARE CAPITAL****Authorised Capital :**

Equity Shares - 50,00,000 (Previous Year 50,00,000)
of Rs.10 each

(Amount in Rs.)
31st Mar, 2016 31st Mar, 2015

5,00,00,000 5,00,00,000

Issued, Subscribed and Fully Paid up :

Equity Shares - 49,50,600 (Previous Year 49,50,600)
of Rs.10 each

4,95,06,000 4,95,06,000

4,95,06,000 4,95,06,000

Notes :

(a) 49,00,000 Equity Shares of Rs. 10/- each fully paid up has been issued in pursuant to the Scheme of Arrangement approved by the Hon'ble High Courts of Gujarat & Orissa under section 391 to 394 of the Companies Act 1956 which became effective on 20th Jan 2011.

(b) Reconciliation of Equity Share Capital

Particulars	31st Mar, 2016		31st Mar, 2015	
	Nos.	Amount in Rs.	Nos.	Amount in Rs.
Shares outstanding at the beginning of the year	49,50,600	4,95,06,000	49,50,600	4,95,06,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	49,50,600	4,95,06,000	49,50,600	4,95,06,000

(c) All the shares are held by Holding Company M/s JK Paper Limited

NOTE 3 :-**RESERVES AND SURPLUS**Balance in Statement of Profit and Loss

Balance at the beginning of the year 1,20,45,912 70,37,394
Add: Net Profit/(Loss) for the current period (10,56,771) 50,99,305
Depreciation Adjustment (a) - (90,787)

1,09,89,141 1,20,45,912

in accordance with Part C, Schedule II of the Companies Act, 2013, Rs.90,787/- has been adjusted in respect of Fixed Assets whose useful life has already exhausted as on 1st April, 2014.

NOTE 4 :-**LONG TERM BORROWINGS**

Unsecured Loan from JK Paper Ltd (Holding Co.) 8,00,00,000 8,00,00,000
8,00,00,000 8,00,00,000

Less : Current maturities of Long Term Borrowings

Unsecured Loan from JK Paper Ltd (Holding Co.) - -
- -

8,00,00,000 8,00,00,000

The Un-secured Term Loan of Rs. 800 Lac is repayable in Three equal annual instalment from May-2019 to May-2021.

NOTE 5 : -

OTHER CURRENT LIABILITIES

	31st Mar, 2016	(Amount in Rs.) 31st Mar, 2015
Interest accrued but not due on loans	62,53,150	62,33,424
Income Tax Payable (Net of Advance Income Tax/ Tax deducted at source)	-	21,874
Statutory Dues	7,39,513	7,19,684
Other Payables	1,18,188	2,52,446
	<u>71,10,851</u>	<u>72,27,428</u>

NOTE 6 :-

TANGIBLE ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 1st April, 2015	Additions / Adjustments	Sales / Adjustments	As at 31st Mar, 2016	As at 1st April, 2015	For the year	Sales / Adjustments	As at 31st Mar, 2016	As at 31st March, 2015
Land									
Freehold	6,58,97,235			6,58,97,235	-		-	6,58,97,235	6,58,97,235
Buildings	8,02,21,115	2,02,184		8,04,23,299	80,18,566	20,33,525	-	7,03,71,208	7,22,02,549
Furniture and Fixtures	57,56,172	2,53,440	41,652	59,67,960	23,09,788	6,16,713	14,927	30,56,386	34,46,384
Electrical Installations and Equipment	44,36,180	5,16,483	1,19,599	48,33,064	14,63,868	5,73,028	47,742	28,43,910	29,72,312
Vehicles & Locomotive	1,50,000	-		1,50,000	14,185	14,250		1,21,565	1,35,815
Total	15,64,60,702	9,72,107	1,61,251	15,72,71,558	1,18,06,407	32,37,516	62,669	14,22,90,304	14,46,54,295
Previous year ended 31st Mar'2015	15,61,91,051	3,87,044	1,17,393	15,64,60,702	84,44,805	33,91,993	30,391	14,46,54,295	

Note :

1. Borrowing costs capitalized during the period Rs. Nil (Previous year Nil).
2. Life of the Assets have been considered as per Schedule II of Companies Act, 2013 from the date of acquisition.

(Amount in Rs.)
31st Mar, 2015

31st Mar, 2016

NOTE 7 : -

LONG TERM LOANS AND ADVANCES

Unsecured, considered good

Security Deposits

10,000	10,000
<u>10,000</u>	<u>10,000</u>

NOTE 8 : -

TRADE RECEIVABLES

Unsecured, considered good

Less than six months :

From Tenant - JK Paper Ltd (Holding Co.)

82,41,805	51,09,703
<u>82,41,805</u>	<u>51,09,703</u>

NOTE 9 : -

CASH & CASH EQUIVALENTS

Balance with Schedule Bank in Current Account

Cash on Hand

8,81,448	2,73,912
1,385	7,529
<u>8,82,833</u>	<u>2,81,441</u>

NOTE 10 : -

SHORT TERM LOANS AND ADVANCES

Unsecured, considered good

Advances to Suppliers

Other Loans & Advances

Advance Income Tax/ Tax deducted at source (Net)

Indirect Tax Recoverable

-	5,250
20,05,398	-
19,217	19,018
<u>20,24,615</u>	<u>24,268</u>

NOTE 11 : -

OTHER CURRENT ASSETS

Pre-paid Insurance

47,023	1,067
<u>47,023</u>	<u>1,067</u>

	2015-16	(Amount in Rs.) 2014-15
NOTE 12 : -		
OTHER INCOME		
Interest Income	34,052	1,08,614
	<u>34,052</u>	<u>1,08,614</u>
NOTE 13 : -		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Allowances, etc.	9,78,545	9,57,983
Contribution to Provident and Other Funds	85,377	78,968
Staff Welfare Expenses	4,980	4,575
	<u>10,68,902</u>	<u>10,41,526</u>
NOTE 14 : -		
FINANCE COST		
Interest on Loan	80,21,918	88,17,899
	<u>80,21,918</u>	<u>88,17,899</u>
NOTE 15 : -		
DEPRECIATION		
Depreciation on Tangible Assets	32,37,516	33,91,993
Less : Transfer from Reserve & Surplus	-	90,787
	<u>32,37,516</u>	<u>33,01,206</u>
NOTE 16 : -		
OTHER EXPENSES		
Director Sitting Fees	8,534	8,430
Insurance	26,577	12,180
Rates & Taxes	96,210	96,198
Repairs and Maintenance	71,33,808	48,28,830
Security Expenses	36,77,315	-
ROC Fees	13,110	11,033
Loss on Sale of Assets	67,506	56,093
Auditors Remuneration (including service tax)		
for Audit Fees	22,949	16,854
for Other Services	5,725	3,371
for Out of pocket expenses	2,434	3,455
Miscellaneous Expenses	86,876	21,900
	<u>1,11,41,044</u>	<u>50,58,344</u>

17. Contingent Liability against the Company not acknowledged as Debt – Rs. Nil (previous year Nil).

18. The Company has extended the Mortgage of Township in favour of HDFC Limited for Rs. 40 crore Loan availed by Bengal & Assam Limited and Rs. 25 crore Loan availed by JK Paper Limited (Holding Company), from HDFC Ltd.

19. As per the requirements of “The Micro, Small and Medium Enterprises Development Act, 2006” the Company is required to identify the Micro, Small & Medium suppliers and pay interest on overdue amount to the Micro & Small enterprises beyond the specified period irrespective of the terms agreed with the suppliers. As informed, the Company is in process of identification of such suppliers. No such amount is outstanding at the end of period.

20. Related Party Disclosure. (to the extent identified by the Company)

a. List of Related Parties

Holding Company

JK Paper Ltd.

Fellow Subsidiaries

Jaykaypur Infrastructure & Housing Limited

JK Enviro-Tech Limited

Habras International (Singapore) Pte. Ltd. (w.e.f. 24th of Feb 2016)

b. The following transactions were carried out with related party in the ordinary course of business :

(Amount in Rs.)

Particulars	2015-16	2014-15
Reimbursement of Expenses – Paid	4,52,527	92,204
Reimbursement of Expenses – Received	---	16,456
Rent Received (Incl. Service Tax)	2,72,97,605	2,71,65,072
Interest on Loan	80,21,918	73,82,191
Loan Received	---	8,00,00,000
Loan Repaid	---	75,00,000
Net Balance Payable at Balance Sheet Date	7,17,58,195	7,48,90,297

21. a) Expenditure in Foreign Currency – Rs. Nil.

b) Earnings in Foreign Currency – Rs. Nil.

22. Pursuant to the Accounting Standard for 'Taxes on Income' (AS 22), Deferred Tax (Liability) / Asset at Balance Sheet date is:

	Amount in Rs.	
	31 st March' 16	31 st March' 15
i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax.	(36,85,793)	---
ii) Tax on Carried forward unabsorbed depreciation	---	---
	<u>(36,85,793)</u>	<u>---</u>

23. Earnings Per Share :

	31st Mar, 2016	(Amount in Rs.) 31st Mar 2015
Profit / (Loss) After Tax	(10,56,771)	50,99,305
Weighted Average No. of Ordinary Shares	49,50,600	49,50,600
Nominal Value of Ordinary Share	10	10
Earnings per Ordinary Share	(0.21)	1.03

24. Figures have been rounded off to the nearest Rupee.

25. Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date attached

FOR SINGHI & Co.
Chartered Accountants
Firm Reg. No. 302049E

(S.N. Sharma)
Partner
Membership No. 014781
New Delhi, the 26 day of April, 2016

(Directors)

Songadh Infrastructure & Housing Ltd

Cash Flow Statement for the period ended 31st Mar, 2016		(Amount in Rs.)	
		2015-16	2014-15
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extra-ordinary Items	26,78,652		80,23,363
<u>Adjustments for:</u>			
Depreciation	32,37,516		33,01,206
Interest and Financial Charges (Net)	79,87,866		87,09,285
(Profit) /Loss on sale of Assets	67,506		56,093
Operating Profit before Working Capital Changes	1,39,71,540		2,00,89,947
<u>Adjustments for Working Capital Changes:</u>			
Trade and Other Receivables	(31,73,008)		(49,35,487)
Trade and Other Payables	7,88,932		(18,90,402)
Cash generated from Operations	1,15,87,464		1,32,64,058
Taxes paid	(20,76,902)		(13,81,188)
Net Cash from Operating Activates		95,10,562	1,18,82,870
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(9,72,107)		(3,87,044)
Sale of Fixed Assets	31,076		30,909
Interest Received	34,052		1,08,614
		(9,06,979)	(2,47,521)
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of Long-term Borrowings	-		8,00,00,000
Repayment of Long-term Borrowings	-		(8,82,33,484)
Interest and Financial Charges	(80,02,191)		(35,72,891)
		(80,02,191)	(1,18,06,375)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		6,01,392	(1,71,025)
Opening Balance of Cash & Cash Equivalents		2,81,441	4,52,467
Closing Balance of Cash & Cash Equivalents		8,82,833	2,81,441

Notes :

Previous year figures have been re-grouped/ re-arranged wherever necessary.

As per our Report of even date attached.

FOR SINGHI & Co.
Chartered Accountants
Firm Reg No. 302049E

(S.N. Sharma)
Partner
M.No. 014781
New Delhi, the 26 day of April 2016

(Directors)