

Songadh Infrastructure & Housing Limited

ANNUAL REPORT 2009-10

Board of Directors

Sh. P.S. Sharma

Sh. V. Kumaraswamy

Sh. Suresh Chander Gupta

Registered Office

P.O. Central Pulp Mills – 394660
Fort Songadh, 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 1st Annual Report and the audited accounts of the Company for the period ended 31st March, 2010. Since, this is first period since incorporation, previous period figures are not available.

Operations

The Company incurred a loss of Rs. 1,76,194/- during the period under review which has been carried over to the Balance Sheet of the Company. The Company became a wholly owned subsidiary of JK Paper Ltd. during the period under review.

Scheme of Arrangement

The Scheme of Arrangement for transfer and vesting of CPM Staff Housing Undertaking of JK Paper Limited to the Company and of JKPM Staff Housing Undertaking of JK Paper Limited to Jaykaypur Infrastructure & Housing Limited has been filed with the High Courts of Gujarat & Orissa for their approval, pursuant to Sections 391 to 394 of the Companies Act. Upon sanction of the said Scheme by the above said Courts, CPM Staff Housing Undertaking of JK Paper Limited shall be transferred to the Company w.e.f. the appointed date as per the said Scheme, i.e, April 1, 2009.

Directors

Shri P.S. Sharma, Shri V Kumaraswamy and Shri Suresh Chander Gupta are the first directors of the Company who retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies selected and applied are consistent 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 period and the Profit & Loss of the Company for that period;
- iii) proper and sufficient care has been taken for 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;
- iv) the annual accounts have been prepared on a going concern basis.

Particulars of Employees

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

Energy, Technology & Foreign Exchange

Details of energy conservation, technology absorption, foreign exchange earnings and outgo under section 217 (1) (e) of the Companies Act, 1956 read, with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 are nil for the period under review.

Auditors

M/s Singhi & Co., Chartered Accountants, are eligible and proposed to be re-appointed as the auditors of the Company at the ensuing Annual General Meeting.

The notes on accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

Acknowledgement

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

On behalf of the Board of Directors

Sd/-
P.S. Sharma
Director

Sd/-
V. Kumaraswamy
Director

New Delhi

30th April, 2010

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Songadh Infrastructure & Housing Ltd. as at 31st March, 2010 and also the Profit and Loss account for the period 2nd January' 2009 to 31st March' 2010 and Cash Flow Statement for the period ended on that date annexed thereto. 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. 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;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet, the Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010, from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010.
- b) In the case of the Profit and Loss account, of the loss of the company for the period 2nd January, 2009 to 31st March, 2010, and
- c) In the case of Cash Flow Statement, of the cash flows of the company for the period ended on that date.

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

Sd/-
B.K.Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: 30th April, 2010

Annexure referred to in paragraph 3 of our report of even date

Re: Songadh Infrastructure & Housing Ltd

- (i) The Company has no fixed assets, hence clause with respect to fixed assets is not applicable.
- (ii) The Company has no inventory; hence clause with respect to inventories is not applicable
- (iii) According to the information and explanations given to us, during the period the Company has not granted or taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) Considering existing operations of the Company, there exists an adequate internal control system commensurate with the size of the Company.
- (v) (a) In our opinion and according to the information and explanations provided by the management, there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act 1956.
(b) There are no transactions made in pursuance of such contract or arrangements, hence question of reasonability of price does not arise.
- (vi) The company has not accepted any deposit from public in terms of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- (vii) The clause regarding Internal Audit is not applicable.
- (viii) Rules made by Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the Company.
- (ix) (a) According to the records of the Company, the Company has no liability towards any statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, services tax, wealth tax, custom duty, excise duty, and cess.
(b) According to the records of the Company, there are no dues outstanding of Sales Tax, Service Tax Custom Duty, Wealth Tax, Excise Duty and cess on account of any dispute.
- (x) The Company is registered for less than five years, hence clause 4(x) is not applicable.
- (xi) The Company has no dues payable to banks, financial institution & debenture holders.

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities; hence the clause is not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank & Financial Institutions.
- (xvi) The Company has not obtained any term loan during the period.
- (xvii) The Company has not raised any fund on short term basis.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures against which security or charge is required to be created.
- (xx) The Company has not raised any money through a public issue during the period.
- (xxi) 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, noticed or reported during the period.

Place : New Delhi
Dated: 30th April, 2010

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E
Sd/-
B.K. Sipani
Partner
Membership No. 88926

Songadh Infrastructure & Housing Ltd

Balance Sheet as at 31st March 2010

	Schedule	Rs.
SOURCES OF FUNDS		
SHAREHOLDERS' FUND:		
Authorised Capital :		
5,00,000 Equity Shares of Rs.10 Each		5,000,000
Issued, Subscribed and Paid-up :		
Equity Shares - 50,600 of Rs. 10 Each fully paid up (All the shares are held by holding company M/s. J.K. Paper Ltd.)		506,000
		506,000
LOANS FUND:		
Secured Loans		-
Unsecured Loans		-
TOTAL		506,000
APPLICATION OF FUNDS		
FIXED ASSETS		
		-
CURRENT ASSETS, LOANS AND ADVANCES		
Cash and Bank Balances (Balance with schedule bank in current account)		343,042
		343,042
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities :		
Other liabilities		13,236
NET CURRENT ASSETS		329,806
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		-
PROFIT & LOSS ACCOUNT AS PER ANNEXED ACCOUNT		176,194
TOTAL		506,000

NOTES ON ACCOUNTS

1

Schedule 1 attached to the Balance Sheet is an Integral part thereof.

As per our Report of even date attached.

FOR SINGHI & Co.
Chartered Accountants

For and on behalf of the Board

Sd/-
P.S. Sharma
Director

Sd/-
V. Kumaraswamy
Director

Sd/-
(B. K. Sipani)
Partner
M.No. 88926
New Delhi, the 30th April, 2010

Songadh Infrastructure & Housing Ltd

Profit & Loss Account for the Period 2nd January'2009 to 31st March 2010

	Schedule	Rs.
Income		-
TOTAL (A)		-
Expenditure		
Director Sitting Fees		10,500
Auditors Remuneration		16,545
ROC Fees		4,590
Preliminary expenses written off		140,228
Certification Charges		2,206
Printing & Stationery		1,092
Misc Exp		1,033
TOTAL (B)		176,194
Profit/ (Loss) Before Interest & Depreciation (A-B)		(176,194)
Interest & Financial Charges		-
Profit/ (Loss) Before Depreciation & Tax		(176,194)
Depreciation		-
Profit/ (Loss) Before Tax		(176,194)
Provision for Current Tax		-
Profit/(Loss) After Tax		(176,194)
Basic/ Diluted Earning Per Share (Rs.)		(3.48)

NOTES ON ACCOUNTS

1

Schedule 1 attached to the Profit and Loss Account is an Integral part thereof.

This is the profit and Loss Account referred to in our report of even date.

FOR SINGHI & Co.
Chartered Accountants

For and on behalf of the Board

Sd/-
(B. K. Sipani)
Partner
M.No.88926
New Delhi, the 30th April, 2010

Sd/-
P.S. Sharma
Director

Sd/-
V. Kumaraswamy
Director

Schedule - 1 (forming part of Balance Sheet and Profit & Loss Account)
NOTES ON ACCOUNTS

A) Significant Accounting Policies:

1. Basis of preparation of financial statements:

The financial statements have been prepared in accordance with General Accepted Accounting Principles in India, under the historical cost convention on accrual basis, and to comply with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956.

2. 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.

3. 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.

4. 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 Profit & Loss Account in the year in which same are incurred.

5. Provisions, Contingent Liability and 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.

B) Notes on Accounts:

1. Contingent Liability against the company acknowledged as debt – Rs. Nil.

2. The Scheme of Arrangement for transfer and vesting of CPM Staff Housing Undertaking of JK Paper Limited to the Company and of JKPM Staff Housing Undertaking of JK Paper Limited to Jaykaypur Infrastructure & Housing Limited has been filed with the High Courts of Gujarat & Orissa for their approval, pursuant to Sections 391 to 394 of the Companies Act. Upon sanction of the said Scheme by the above said Courts, CPM Staff Housing Undertaking of JK Paper Limited shall be transferred to the Company w.e.f. the appointed date as per the said Scheme, i.e, April 1, 2009.

Pending sanction of the scheme by the Hon'ble High Courts, no effect of the same has been given in the accounts.

3. 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 an 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.

4. Related Party Disclosure.(to the extent identified by the company)

Holding Company JK Paper Ltd.	Transaction Issue of Shares	Rs. 5,06,000
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5. Borrowing costs capitalized during the period Rs. Nil.

6. Auditor Remuneration (including service tax)

Audit fee	Rs. 13,236/-
For certificates	Rs. 3,309/-
Total	<u>Rs. 16,545/-</u>

7. a) Expenditure in foreign currency – Rs. Nil.

b) Earnings in foreign currency – Rs. Nil.

8. The company was incorporated on 2nd January '2009 and accounts were prepared for the period 2nd January 2009 to 31st March'2010. This being first reporting period hence previous year figures not given.

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

10. Details as required under paragraphs 3, 4C and 4D of part II of schedule VI of The Companies Act 1956 are not applicable to the Company, considering its existing operations.

As per our report of even date attached

FOR SINGHI & CO.
Chartered Accountants

For and on behalf of the Board

Sd/-
P.S. Sharma
Director

Sd/-
V. Kumaraswamy
Director

Sd/-
(B K Sipani)
Partner
Membership No. 088926
New Delhi, the 30th day of April, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT 1956**

I. REGISTRATION DETAILS :		
Registration No.		04-055810
State Code		04
Balance Sheet Date		31st March, 2010
II. CAPITAL RAISED DURING THE YEAR :		
(Amount in Rs/Thousands)		
Public Issue		Nil
Rights Issue		Nil
Private Placement		506
III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUND:		
(Amount in Rs/Thousands)		
Total Liabilities		506
Total Assets		506
SOURCES OF FUNDS		
Paid-up Capital		506
Reserves & Surplus		NIL
Secured Loan		NIL
Unsecured Loan		NIL
APPLICATION OF FUNDS		
Net Fixed Assets		NIL
Investments		NIL
Net Current Assets / (Liability)		330
Miscellaneous Expenditure		-
Accumulated Losses		176
IV. PERFORMANCE OF THE COMPANY		
(Amount in Rs/Thousands)		
Turnover including Other Income		NA
Total Expenditure		176
Profit before Tax		(176)
Profit after Tax		(176)
Earnings Per Share (Rs.)		(3.48)
Dividend Rate (%)		NA
V. GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY		
(As per Monetary terms)		
Item Code No.		Nil
Product Description		Nil

For and on behalf of the Board

Sd/-
P.S. Sharma
Director

Sd/-
V. Kumaraswamy
Director

Songadh Infrastructure & Housing Ltd

Cash Flow Statement for the period 02nd January, 2009 to 31st March, 2010

	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before Tax and Extra-ordinary Items	(176,194)
<u>Adjustments for Non-Cash Items:</u>	-
Operating Profit before Working Capital Changes	(176,194)
<u>Adjustments for Working Capital Changes:</u>	
Trade and Other Payables	13,236
Net Cash generated from Operations	(162,958)
B CASH FLOW FROM INVESTING ACTIVITIES	-
C CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds From issue of Equity Shares from Holding Company	506,000
Net Increase/(Decrease) in Cash and cash Equivalent (A+B+C)	343,042
Opening Balance of Cash & Cash Equivalents	-
Closing Balance of Cash & Cash Equivalents	343,042

Note :

This being the first reporting period, there are no corresponding previous period's figures.

As per our Report of even date attached.

FOR SINGHI & Co.
Chartered Accountants

For and on behalf of the Board

Sd/-
(B. K. Sipani)
Partner
M.No. 88926
New Delhi, the 30th April, 2010

Sd/- Sd/-
P.S. Sharma V. Kumaraswamy
Director Director