

SOMA  
PAPERS  
&  
INDUSTRIES  
LTD.

18<sup>TH</sup> ANNUAL REPORT 2008 - 09

# **SOMA PAPERS & INDUSTRIES LTD.**

## **BOARD OF DIRECTORS**

GS MANASAWALA

KG GUPTA

VIKRAM SOMANI

BHARAT SOMANI – Executive Director

KK SOMANI – Chairman

## **AUDITORS**

Jain Maheshwary & Company  
Mumbai

## **REGISTERED OFFICE**

GD Somani Marg,  
Nashik Road – 422101

## **HEAD OFFICE**

Indian Mercantile Chambers,  
3<sup>rd</sup> floor,  
14, R.Kamani Marg,  
Ballad Estate,  
Mumbai – 400001.

## **SOMA PAPERS & INDUSTRIES LTD.**

### **NOTICE**

#### **TO THE MEMBERS**

Notice is hereby given that the Annual General meeting of the members of Soma Papers & Industries Limited will be held at the registered office of the company at G.D. Somani Marg, Panchak, Nashik Road - 422101 on 28th September, 2009 at 11.00 a.m. to transact the following business:

#### **ORDINARY BUSINESS**

1. To consider and adopt the audited annual accounts of the company for the year ended on 31<sup>st</sup> March, 2009 and the reports of the board of directors and auditors thereon.
2. To appoint a director in place of Shri K. G. Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors of the company to hold office upto the conclusion of the next annual general meeting and to fix their remuneration and if thought fit, to pass with or without modification, the following resolution as special resolution.

"Resolved that M/s Jain Maheshwary & Company, Chartered Accountants, be and are hereby appointed auditors of the company to hold office upto the conclusion of the next annual general meeting on such remuneration as may be fixed by the board of directors of the company exclusive of travelling and other out of pocket expenses."

By order of the Board of Directors

**Mumbai**  
**3rd August 2009**

**BHARAT SOMANI**  
**EXECUTIVE DIRECTOR**

#### **NOTES:**

1. 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 OF THE COMPANY.
2. The register of members and share transfer books of the company will remain closed on 21.09.2009 to 26.09.2009 (Both days inclusive).
3. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of business under item No. 3 is annexed hereto.

## **DIERCTORS' REPORT**

### **TO THE MEMBERS**

Your directors are pleased to present their eighteen annual report together with audited statement of accounts, for the year ended March 31,2009.

### **OPERATIONS**

Your company had to stopped its manufacturing activities w.e.f. August 4, 2004, as the same had become totally unviable. It has incurred Profit of Rs. 23.14 Lac during the year under review as against Loss of Rs. 21.64 Lac in the previous year mainly due to auction of Fixed Assets of the Company. The balance in the Profit & Loss Account, being loss of Rs. 845.16 Lac, has been carried to the Balance Sheet.

### **NET WORTH**

Your company being a sick industrial undertaking on the basis of its negative net worth as on March 31, 2004 had made reference to the Board for Financial Reconstruction under SICA 1985. The lead bankers on behalf of consortium of bank took possession of assets at Nasik and disposed off the assets by way of auction.

The Banks have repaid the bank cash credit liability, debenture dues, electricity charges, labour dues out of the proceeds received from auction. The details of payment made and balance in hand with Bank of India has not been confirmed by the bank due to that Balance-sheet and Profit and Loss account are not showing proper view as required.

In view of the auction made by bank of company's asset company has revalued the land of the Company from the approved valuer and accordingly land has been revalued in the books of accounts.

### **DIVIDEND**

It is not possible to recommend payment of Dividend for the year ended March 31, 2009 in view of operational and closure losses incurred by the company for the said year.

### **SUBSIDIARY COMPANY**

The audited accounts and other particulars of your subsidiary company M/S VECRON INDUSTRIES LTD. for the year ended March 31,2009 are attached herewith as required under section 212 of the Companies Act, 1956.

## **INDUSTRIAL RELATIONS**

The union of company's workmen had filed a complaint in the Nashik Industrial Court against the closure of factory. The company has noticed its inability to continue manufacturing operations in view of unviable operations as the same are not commercially viable. The bank has transferred Rs.100.92 Lacs towards settlement of labour dues. The details of payment to the labour as per the court order are not available, hence total amount has been considered towards payment of total labour dues.

## **DIRECTORS**

Shri K G Gupta, Director, retires by rotation and being eligible offers himself for reappointment.

## **PUBLIC DEPOSITS**

The company has not accepted/invited any amounts of deposits from public during the year under review and hence does not hold such deposits on March 31,2009.

## **AUDITORS**

M/S Jain Maheshwary & Company, Mumbai, who hold office as auditors of your company upto the conclusion of the ensuing Annual General Meeting, are available as auditors of your company for reappointment.

## **AUDITORS REPORT – DIRECTORS COMMENTS**

In view of continues past losses sustained by the company and it being very difficult to revive manufacturing operations, your directors had no other option except to close down the factory. Hence the auditors' qualifications are matters of facts.

Regarding non-provision of interest on cash credit facility and interest in sales tax loan from SICOM, your directors want to present that as per the SURFAESI Act all secured liabilities have to cleared from receipt of amount by auction. Hence, no further provision on account of interest has been made in the books.

## **DIRECTORS RESPONSIBILTY STATEMENT**

In terms of Section 217 (2AA) of the Companies Act, 1956 the directors would like to state :-

1. that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

2. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent and 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 loss of the company for the year under review;
3. that the directors have taken proper and sufficient care for the 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 fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis pending proper valuation of company's assets.

#### **ENERGY CONSERVATION ETC.**

The particulars for energy conservation etc. are nil in view of closure to company's activities from August 4, 2004.

#### **PARTICULARS OF EMPLOYEES**

The particulars of employees, as required under section 217 (2A) of the Companies Act, 1956, are Nil.

#### **COMPLIANCE CERTIFICATE**

The compliance certificate dated \_\_\_\_\_ 2009 issued by the Companies Secretaries, M/s P. Maheshwary & Associates is annexed hereto.

Mumbai, August 3, 2009

By order of the board of directors  
**K.K.SOMANI**  
Chairman

## AUDITORS' REPORT

To,  
The Members of  
**SOMA PAPERS & INDUSTRIES LIMITED**

1. We have audited the attached balance sheet of **SOMA PAPERS & INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2009, the profit and loss account and also the cash flow statement for the year 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 the financial statements based on our audit.
2. 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 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.
3. As required by 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 and on the basis of such checks, as were considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, 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 *except para 4-5 of Notes to Accounts as mentioned in Schedule No.16 B* ;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The balance sheet, profit and loss account and cash flow statement dealt with in this report are in agreement with the books of account;
  - d) *Subject to what is stated in paragraph (i) below*, 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, to the extent applicable;
    - (i) *Note 1 in Schedule '16' regarding appropriateness of going concern assumption used for preparing these accounts because the net worth of the Company is fully eroded and the Company is a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the accounts do not include*

*the adjustments that would arise if these assumption had not been used in preparing these accounts.*

- e) On the basis of representations received from the directors of the Company as at 31<sup>st</sup> March, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as at 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to our observations in*
- i) *paragraph 4(d)(i) regarding preparation of accounts on the basis of a 'going concern' having consequential impact on the profit for the year, reserves and surplus and assets of the Company .*
  - ii) *non provision of interest on Sales Tax Loan (SICOM.), Security Deposit. (The amount remains unascertained).*
  - iii) read together with Note no.16 to Schedule 16 regarding balances of Sundry debtors, Sundry Creditors, Balance with Bank and other advances being subject to confirmations/ reconciliation,
- and other notes appearing in the said Schedule and those appearing elsewhere in the accounts, 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 31<sup>st</sup> March, 2009;
  - b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on the date.

FOR JAIN MAHESHWARY & COMPANY  
Chartered Accountants

Dharmesh Shah  
PARTNER  
Membership No.: 106620

Mumbai, Dated: 3rd August,2009

**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN  
PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

1. In respect of its fixed assets:
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, since the assets has been attached / auctioned by banks physical verification of assets after the same is not done by the management as required with to the size of the Company and nature of its fixed assets. The management informed that the discrepancies noticed if any have been properly dealt with in the books of account.
  - c) As we have been informed, during the year, *bank has auctioned the premises of the Company along with substantial part of the Fixed Assets.*
2. In respect of its inventories:
  - a) As informed to us, there no inventory in hand.
3. According to information and explanations given to us, in respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a) The Company has not taken unsecured loans from Company during the year (Outstanding as at 31/03/2009 Rs. 11,13,492). The Company has not granted any loan (Previous year Rs. Nil) during the year.
  - b) The loan taken / granted is interest free and other terms conditions of such loans are, prima facie not prejudicial to the interest of the Company.
  - c) The interest free loan taken if any is repayable on demand.
  - d) As informed to us, there are no overdue amounts of more than Rs. one lakh in respect of such loan and as such clause 4(iii)(d) of the Companies (Auditor's report) (Amendment) Order '2004 is not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.

*the adjustments that would arise if these assumption had not been used in preparing these accounts.*

- e) On the basis of representations received from the directors of the Company as at 31<sup>st</sup> March, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as at 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to our observations in*
- i) *paragraph 4(d)(i) regarding preparation of accounts on the basis of a 'going concern' having consequential impact on the profit for the year, reserves and surplus and assets of the Company .*
  - ii) *non provision of interest on Sales Tax Loan (SICOM.), Security Deposit.(The amount remains unascertained).*
  - iii) read together with Note no.16 to Schedule 16 regarding balances of Sundry debtors, Sundry Creditors, Balance with Bank and other advances being subject to confirmations/ reconciliation,

and other notes appearing in the said Schedule and those appearing elsewhere in the accounts, 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 31<sup>st</sup> March, 2009;
- b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on the date.

FOR JAIN MAHESHWARY & COMPANY  
Chartered Accountants

Dharmesh Shah  
PARTNER  
Membership No.: 106620

Mumbai, Dated: 3rd August,2009

- b) As the company not entered in transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, no comments are called in respect of clause 4(v)(b) of the Companies (Auditor's report) (Amendment) Order ' 2004 .
6. According to information and explanations given to us, the Company has not accepted any deposit from the public during the year.
7. *There was no internal audit system in the Company during the year.*
8. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act in the case of the Company.
9. a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues, with the appropriate authorities, except the sales tax liability of different states worth Rs.16.46 and deferred sales tax liability along with interest due there on (Unascertained) as on 31/03/2009 outstanding for a period of more than six months from date it became payable.
- b) According to the records of the Company, there are no dues of sales tax/ income tax / custom duty / wealth tax / service tax / cess, which have not been deposited on account of any dispute. The disputed amounts that have not been deposited in respect of excise duty / income tax are as under:

Description	Amount Rs.	Period to which it relates	Forum where dispute is pending
Excise duty	234,761	1988-1989	Excise and Gold (Control) Appellate Tribunal
Income Tax	19,38,082	2003-2004	Penalty Proceeding Before ITAT

10. The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth, and it has not incurred cash losses due to auction of the assets during the current financial year and however, in immediately preceding financial year cash losses has been incurred.
11. According to the information and explanations given to us, *the Company has defaulted in repayment of dues to banks, financial institutions and debenture holder, however during the year under audit large number of liability has been repaid.*

The details of defaults as at 31/03/2009 in repayment of dues to the financial institutions, banks and debenture holder are as under:

Period of default	Overdue towards	Financial Institution	( Amount in Rs.)	
			Banks	*Debenture holder
Amount of default				
Upto 1 year	Interest Principle	Unascertained Nil	Nil	Nil
More than 1 year and upto 2 years	Interest	Unascertained	Nil	Nil
	Principle	Nil	Nil	Nil
More than 2 years and upto 5 years	Interest	Unascertained Nil	Nil	Nil
More than 5 years	Interest Principle	Unascertained 2,55,65,564	-	Nil

\*\* Refer along with the Auditors report.

\*\*\* Interest provided if any, are on estimate basis or considered as unascertained.

12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prima facie, prejudicial to the interest of the company.
14. The Company has not taken any term loan during the year.
15. According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have, prima-facie, have not been used for long-term investments.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
17. No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
18. The Company has not raised any money by way of public issue during the year.
19. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
20. In our opinion, and according to information and explanations given to us, no comments are called for in the case of clauses (xiii) and (xiv) of paragraph 4 of the

The details of defaults as at 31/03/2009 in repayment of dues to the financial institutions, banks and debenture holder are as under:

( Amount in Rs.)

Period of default	Overdue towards	Financial Institution	Banks	*Debenture holder
		Amount of default		
Upto 1 year	Interest Principle	Unascertained Nil	Nil	Nil
More than 1 year and upto 2 years	Interest	Unascertained	Nil	Nil
	Principle	Nil	Nil	Nil
More than 2 years and upto 5 years	Interest	Unascertained Nil	Nil	Nil
More than 5 years	Interest Principle	Unascertained 2,55,65,564	-	Nil

\*\* Refer along with the Auditors report.

\*\*\* Interest provided if any, are on estimate basis or considered as unascertained.

12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prima facie, prejudicial to the interest of the company.
14. The Company has not taken any term loan during the year.
15. According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have, prima-facie, have not been used for long-term investments.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
17. No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
18. The Company has not raised any money by way of public issue during the year.
19. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
20. In our opinion, and according to information and explanations given to us, no comments are called for in the case of clauses (xiii) and (xiv) of paragraph 4 of the

Companies (Auditor's report) (Amendment) Order '2004 as the same are not applicable to the Company during the year.

FOR JAIN MAHESHWARY & COMPANY  
Chartered Accountants

sd/-

Dharmesh Shah  
PARTNER  
Membership No.: 106620

Mumbai, Dated: 3rd August, 2009

## SOMA PAPERS &amp; INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31st MARCH 2009

SCHEDULE	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>				
<b>1 SHAREHOLDERS' FUNDS</b>				
Share capital	1	14,021,500	14,021,500	
Reserves & surplus	2	87,364,424	16,334,600	
		<b>101,385,924</b>		30,356,100
<b>2 LOAN FUNDS</b>				
Secured loans	3	-	27,799,845	
Unsecured loans	4	30,525,904	30,572,149	
		<b>30,525,904</b>		58,371,994
<b>TOTAL</b>		<b>131,911,828</b>		<b>88,728,094</b>
<b>APPLICATION OF FUNDS</b>				
<b>1 FIXED ASSETS</b>				
Gross block	5	11,544,405	52,899,215	
Less : Depreciation		878,809	39,984,735	
Net block		10,665,596	12,914,480	
Add : Capital Work-In-Progress		-	108,825	13,023,301
<b>2 INVESTMENTS</b>				
	6	-	-	
<b>3 CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	7	-	1,606,354	
Sundry debtors	8	-	0	
Cash and bank balances	9	38,820,729	384,565	
Loans and advances	10	6,678,941	7,738,684	
Other current assets	11	-	32,944	
<b>Total (A)</b>		<b>45,499,669</b>	<b>9,762,547</b>	
<b>LESS:</b>				
<b>4 CURRENT LIABILITIES AND PROVISIONS</b>				
Current liabilities	12	7,369,247	16,476,766	
Provisions		-	4,411,117	
<b>Total (B)</b>		<b>7,369,247</b>	<b>20,887,883</b>	
<b>Net Current Assets (A-B)</b>		<b>38,130,422</b>		(11,125,337)
<b>5 PROFIT AND LOSS ACCOUNT</b>				
Debit balance as per profit and loss account		83,115,815		86,830,130
<b>TOTAL</b>		<b>131,911,828</b>		<b>88,728,094</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>				
	16			

As per our report of even date attached

FOR JAIN MAHESHWARY & CO.  
Chartered Accountants(Dharmesh Shah)  
PARTNER  
M. No.106620

Mumbai; Dated:Aug 3,2009

On behalf of the Board of directors

G.S. Manasawala - Director

K.G. Gupta - Director

Vikram Somani - Director

Bharat Somani - Executive Director

K.K. Somani - Chairman

Mumbai; Dated:Aug 3,2009

## SOMA PAPERS & INDUSTRIES LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	SCHEDULE	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
Sales and income from operations		-	-
Other income	13	1,025,818	1,495,811
Profit on Auction / Sale of Assets [Refer note 5 of Schedule 16 B]		11,257,717	2,500
Increase/ (decrease) in stocks		-	-
TOTAL		12,283,535	1,498,311
<b>EXPENDITURE</b>			
Power and fuel		352,769	110,563
Labour Settlement		5,134,451	-
Administration and other expenses	14	4,132,694	802,149
Interest	15	297,701	212,520
TOTAL		9,917,616	1,125,231
<b>PROFIT</b>			
Profit/(Loss) before depreciation		2,365,919	373,080
Less: Depreciation		51,604	2,537,001
Net profit/(loss) before extraordinary items		2,314,315	(2,163,921)
Provision for income tax			
Current Tax		-	-
Deferred Tax benefit [Refer note 11 of Schedule 16]		-	-
Net profit/(loss) after tax		2,314,315	(2,163,921)
Balance carried from earlier year		(86,830,130)	(84,666,209)
Profit/(Loss) available for appropriations		(84,515,815)	(86,830,130)
Transfer from Debenture Redemption Reserve		1,400,000	-
Profit/(Loss) after appropriations		(83,115,815)	(86,830,130)
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>			
	16		
Basic and diluted earnings/(loss) per share before exceptional item		1.65	(1.54)
Basic and diluted earnings/(loss) per share after exceptional item		1.65	(1.54)

As per our report of even date attached

FOR JAIN MAHESHWARY & CO.  
Chartered Accountants

(Dharmesh Shah)  
PARTNER

M. No.106620

Mumbai; Dated: Aug 3, 2009

On behalf of the Board of directors

G.S. Manasawala - Director

K.G. Gupta - Director

Vikram Somani - Director

Bharat Somani - Executive Director

K.K. Somani - Chairman

Mumbai; Dated: Aug 3, 2009

**SOMA PAPERS & INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31ST MARCH, 2009**

	Rs.	2008-2009 Rs.	Rs.	2007-08 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit/ (loss) before tax and extraordinary items		2,314,315		(2,163,921)
<b>ADJUSTMENTS FOR :</b>				
Depreciation	51,604		2,537,001	
Inventory Written off	-		-	
Loss / (Profit) on sale of fixed assets	(11,148,892)		162,576	
Provision for Diminution of shares	1,606,354		(79,318)	
Interest	297,701		212,520	
Interest income	(30,193)		(27,422)	
Dividend income	(125)		(156)	
<b>Operating profit before working capital changes</b>		<u>(9,223,551)</u>		2,805,201
		(6,909,235)		641,280
<b>ADJUSTMENTS FOR WORKING CAPITAL CHANGES :</b>				
Trade and other receivables	1,065,964		214,782	
Inventories	-		-	
Trade payables and other trade liabilities	(12,391,506)		(64,822)	
<b>Cash generated from operations</b>		<u>(11,325,542)</u>		149,960
		(18,234,777)		791,240
Less: Taxes (paid)/ Refund		(6,220)		(5,650)
Prior year expenditure		(18,240,997)		785,590
<b>Net cash from operating activities</b>		<u>(18,240,997)</u>		<u>785,590</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale of Investment		-		92,758
Sale of fixed assets		85,884,821		103,000
Dividend received		125		156
Interest received		63,137		27,422
<b>Net cash from investing activities</b>		<u>85,948,083</u>		<u>223,336</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings(net of repayment)		(22,125,760)		(847,908)
Interest paid		(7,145,164)		(161,405)
unclaimed dividend paid		-		-
<b>Net cash used in financing activities</b>		<u>(29,270,925)</u>		<u>(1,009,313)</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<u>38,436,164</u>		<u>(387)</u>
<b>Cash and cash equivalents - Opening balance</b>		384,565		384,952
<b>Cash and cash equivalents - Closing balance</b>		<u>38,820,729</u>		<u>384,565</u>
<b>Net increase/(decrease) as disclosed above</b>		<u>38,436,164</u>		<u>(387)</u>
		(0)		(0)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ARE GIVEN IN SCHEDULE 16**

As per our report of even date attached

FOR JAIN MAHESHWARY & CO.  
Chartered Accountants

(Dharmesh Shah)  
PARTNER  
M. No.106620

Mumbai; Dated:Aug 3,2009

On behalf of the Board of directors

G.S. Mansawala - Director

Vikram Somani - Director

Bharat Somani - Executive Director

K. K. Somani - Chairman

Mumbai; Dated:Aug 3,2009

## SOMA PAPERS & INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF ACCOUNTS

	<u>As at 31/03/2009 Rs.</u>	<u>As at 31/03/2008 Rs.</u>
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
5,000,000 Equity shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, subscribed &amp; paid-up</b>		
1,402,150 Equity shares of Rs. 10/- each fully paid-up (includes 1,401,800 equity shares of Rs.10/- each fully paid up issued for consideration other than cash)	<u>14,021,500</u>	<u>14,021,500</u>
	<u>14,021,500</u>	<u>14,021,500</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Share premium account</b>		
Balance as per last year's accounts	11,734,600	11,734,600
<b>Capital Reserve</b>		
Balance as per last year's accounts	3,200,000	3,200,000
Revaluation Reserve (Land)	72,429,824	-
<b>Debenture Redemption Reserve</b>		
Balance as per last year's accounts	-	1,400,000
<b>TOTAL</b>	<u>87,364,424</u>	<u>16,334,600</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Cash credit from banks	-	22,079,515
Interest accrued and due on cash credit facility	-	5,720,329
Bills Discounted With bank	-	-
<b>TOTAL</b>	<u>-</u>	<u>27,799,845</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Security deposits from dealers	1,042,160	1,042,160
Interest free sales-tax incentive loan	25,565,564	25,565,564
Loan from body corporate	1,113,492	1,159,737
Interest accrued and due on loan and deposits	83,373	83,373
Interest accrued and due on sales tax loan	2,721,315	2,721,315
<b>TOTAL</b>	<u>30,525,904</u>	<u>30,572,149</u>

**SOMA PAPERS & INDUSTRIES LIMITED**

**SCHEDULE 5**

**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK (AT COST/BOOK VALUE)				DEPRECIATION				NET BLOCK	
	As at 01/04/2008 Rs.	Additions of Revaluation Rs.	Deductions Rs.	As at 31/03/2009 Rs.	Up to 31/03/2008 Rs.	For the year Rs.	Deductions Rs.	Up to 31/03/2009 Rs.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Land (Freehold)	170,176	72,429,824	62,064,753	10,535,247	-	-	-	-	10,535,247	170,176
Buildings	8,018,000	-	8,018,000	-	3,887,632	-	(3,887,632)	-	-	4,130,368
Plant and Machinery	38,970,176	-	38,970,176	-	31,665,111	-	(31,665,111)	-	-	7,305,065
Office and Other Equipments	4,058,678	-	3,772,631	286,047	3,296,406	10,815	(3,082,757)	224,464	61,583	762,272
Furniture and Fixtures	1,175,074	-	451,963	723,111	1,054,034	40,789	(440,478)	654,345	68,766	121,040
Motor Vehicles	507,111	-	507,111	-	81,552	-	(81,552)	-	-	425,559
<b>TOTAL</b>	<b>52,899,215</b>	<b>72,429,824</b>	<b>113,784,634</b>	<b>11,544,405</b>	<b>39,984,735</b>	<b>51,604</b>	<b>(39,157,530)</b>	<b>878,809</b>	<b>10,665,596</b>	<b>12,914,480</b>
Previous year	53,668,110	-	768,895	52,899,215	37,951,057	2,537,001	503,319	39,984,735	12,914,480	15,717,057

## SOMA PAPERS & INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF ACCOUNTS

	Nos.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
<b>SCHEDULE 6</b>			
<b>INVESTMENTS</b>			
(Long-term, at cost, unless otherwise stated)			
<b>Trade</b>			
<b>Investments in subsidiary company (Unquoted)</b>			
In Vecron Industries Ltd. - equity shares of Rs.10/- each, fully paid-up	1,387,700	27,000,000	27,000,000
<b>Other than trade</b>			
<b>Equity shares of Rs.10/- each fully paid up (Quoted)</b>			
1 Adhunik Synthetics Limited	500	25,000	25,000
2 Aluminium Industries Limited	187,500	1,875,000	1,875,000
3 Conway Printers Limited	5,000	250,000	250,000
5 Gujarat Composite Limited	4,960	-	-
6 Titaghur Paper Mills Company Limited	20	850	850
	<b>1,585,680</b>	<b>29,150,850</b>	<b>29,150,850</b>
Less: Provision for permanent diminution in the value of long term investments.		29,150,850	29,150,850
TOTAL		<b>-</b>	<b>-</b>
<b>Note :</b>			
Aggregate Book Value (net of provisions)	Quoted	-	-
Aggregate Market Value of quoted investments		-	2,435
<b>Note:</b>			
Market value of quoted investment for current year was not available hence not included			

	Rs.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
<b>SCHEDULE 7</b>			
<b>INVENTORIES</b>			
(As certified by the management)			
Stores and spares		-	1,030,619
Raw materials		-	517,410
Loose tools		-	58,325
TOTAL		<b>-</b>	<b>1,606,354</b>

### SCHEDULE 8

#### SUNDRY DEBTORS

##### (Unsecured)

##### Considered good

Debts for a period exceeding six months

Other debts

##### Considered doubtful

Debts for a period exceeding six months

Other debts

Less: provision for doubtful debts

TOTAL

	-	-	0
	-	-	0
	1,267,031	2,132,531	
	-	1,267,031	2,132,531
		1,267,031	2,132,531
		(1,267,031)	2,132,531
		<b>-</b>	<b>0</b>

## SOMA PAPERS &amp; INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

	Rs.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
<b>SCHEDULE 9</b>			
<b>CASH AND BANK BALANCES</b>			
Cash-in-hand (including cheques in hand Rs. Nil, previous year Rs. Nil)		18,187	3,617
Balances with Scheduled Banks			
- In current accounts		38,406,702	42,029
- In Unclaimed dividend account			
- In fixed deposit account		395,839	338,919
(Refer Note 4 of Schedule 16B)			
<b>TOTAL</b>		<u>38,820,729</u>	<u>384,565</u>
<b>SCHEDULE 10</b>			
<b>LOANS AND ADVANCES</b>			
(Unsecured - considered good, unless otherwise stated)			
Loans to subsidiary company (considered doubtful)	43,188,386		43,188,386
Loans to subsidiary company (considered good)	-	43,188,386	43,188,386
Advances recoverable in cash or in kind or for value to be received		1,478,434	1,476,623
Deposits		5,000,000	5,986,941
Balance with Central Excise		-	80,833
Advance income tax and tax deducted at source		200,507	194,287
<b>TOTAL</b>		<u>49,867,327</u>	<u>50,927,070</u>
Less: Provision for doubtful loan to subsidiary company C/f		<u>(43,188,386)</u>	<u>43,188,386</u>
		<u>6,678,941</u>	<u>7,738,684</u>
<b>SCHEDULE 11</b>			
<b>OTHER CURRENT ASSETS</b>			
Interest accrued		-	32,944
<b>TOTAL</b>		<u>-</u>	<u>32,944</u>
<b>SCHEDULE 12</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>Current Liabilities:</b>			
Bills payable	427,785		427,785
Sundry creditors	4,497,189		4,497,189
Advance from customers	519,221		519,221
Advance received from others	-		4,000,000
Investor Education and Protection Fund:			
a) Unpaid dividend #	-		-
b) Unpaid matured debentures #	-		1,400,000
c) Interest accrued on (b) above	-		1,127,134
Other current liabilities	1,925,048	7,369,243	4,505,437
			16,476,766
<b>Provisions:</b>			
Provision for leave encashment / Bonus	-		278,883
Provision for gratuity	-		4,132,234
<b>TOTAL</b>		<u>7,369,243</u>	<u>20,887,883</u>

1 Notes

# These amounts do not include any amount which is required to be paid / credited to the Investor Education and Protection Fund at the year end.

## SOMA PAPERS &amp; INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
<u>Interest from:</u>		
- Customers and others (tax deducted at source Rs.NIL/- Previous Year Rs.NIL/-)	30,193	27,422
Dividend Income	125	156
Miscellaneous Receipts	130,000	1,391,415
Provision for Doubtful debts reversed	865,500	76,818
<b>TOTAL</b>	<b>1,025,818</b>	<b>1,495,811</b>

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE 14</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Conveyance	5,470	15,935
Auction Expenses	2,177,000	-
Repairs & Maintenance to Others	17,299	31,494
Loss on Sales of Fixed Assets	-	162,576
Rent	-	986
Rates,taxes and fees	109,500	118,000
Insurance premium	-	7,455
	-	35,878
<u>Payment to auditors</u>		
- Audit Fees	16,545	16,854
Printing & Stationary	18,015	20,226
Postage & telegram	7,780	1,445
Dmat Charges	19,253	18,316
Selling expenses	9,580	574
Service Charges	7,460	21,620
Telephone expenses	44,377	47,702
Legal and Professional Charges	558,994	155,387
Bank Charges	1,634	3,065
Motor car expenses	9,941	151,582
Provision for doubtful debts written back	-	(125,000)
Miscellaneous expenses	1,122,589	117,738
Travelling Expenses	7,276	315
<b>TOTAL</b>	<b>4,132,694</b>	<b>802,149</b>

**SCHEDULE 15****INTEREST**

On debentures	216,876	196,000
On other loans	80,825	16,520
(Refer Note 6 of Schedule 16B)		
<b>TOTAL</b>	<b>297,701</b>	<b>212,520</b>

## SOMA PAPERS & INDUSTRIES LIMITED

### SCHEDULE 16

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. System of accounting

The accounts are prepared on the basis of historical cost convention, in accordance with the applicable accounting standards and on the accounting principles of a going concern though the business was not carried on during the year.

##### 2. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The Company has revalued the factory land situated at Nasik during the year, on the basis of valuation received from approved valuer, with respect to auction proceedings carried out by bank.

##### 3. Depreciation

- a) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956.
- b) Depreciation on assets added/disposed off during the year has been provided for on pro-rata basis with reference to the month of addition/disposal.
- c) Continuous process plants as defined in Schedule XIV to the Companies Act, 1956 have been considered.

##### 4. Investments

Investments of the long-term nature are stated at cost less diminution in value wherever the decline is other than a temporary decline.

##### 5. Inventories

Inventories if any, are valued at lower of the cost and estimated net realisable value. Cost of inventories is computed on weighted average basis. Finished goods and work-in-progress if any, include costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

**6. Revenue recognition**

Income and expenditure are recognised and accounted on accrual basis, except in case of significant uncertainties.

**7. Retirement benefits**

The company is not contributing towards gratuity liability of employees and superannuation liability of certain employees since no employees are on the record.

**8. Foreign currency transactions**

Transaction denominated in foreign currency if any, are recorded using the exchange rate prevailing at the date of transaction. Assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rates prevailing at that date. Exchange differences other than those relating to acquisition of fixed assets are recognised in the profit and loss account. Exchange differences relating to purchase of fixed assets are adjusted to carrying cost of fixed assets.

**9. Expenditure during construction period**

Expenditure during construction period are included under capital work in progress and the same is allocated to the respective fixed assets on the completion of construction.

**10. Research and development**

Revenue expenses in respect of research and development are charged to profit and loss account and capital expenditure of such nature are added to the cost of fixed assets in the year in which they are incurred.

**11. Taxation**

Provision for current tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. In view of the previous years carry forward losses management is of the view that not to make any provision for tax as well as fringe benefit tax.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. In view of the losses provision for deferred tax has not been provided.

## 12. Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

## 13. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## B. NOTES TO ACCOUNTS

1. The net worth of the Company is fully eroded and the Company is a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), for which a reference has been made to the Board of Industrial and Financial Reconstruction (BIFR) under Section 15 of SICA.
2. As per scheme of arrangement sanctioned by the Bombay High Court under Section 391 and 394 of Companies Act, 1956 made between Shree Vindhya Paper Mills Ltd and the Company, the coating division of Shree Vindhya Paper Mills Ltd. with its assets, investments, liabilities and reserves as at 31<sup>st</sup> December, 1991 has been transferred to and vested with the Company with effect from 1<sup>st</sup> January, 1992. However, certain assets and liabilities of the said division before its transfer though reflected in the accounts are yet to be transferred in the name of the Company.
3. Contingent liability not provided for in respect of:

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
a) Claims against Company not acknowledged as debts	437,567	437,567
b) Guarantee given to financial institution for loans taken by its employees	48,454	48,454

	<b>As at 31/03/2009 Rs.</b>	<b>As at 31/03/2008 Rs.</b>
c) Bank guarantee to constituents and others.	1,360,000	1,360,000
d) Corporate Guarantee given to financial institutions and banks on behalf of Vecron Industries Limited (a wholly owned subsidiary Company)	25,000,000	25,000,000
e) Liability as may arise for non-payment of wages, PF, Gratuity and other labour dues since the date of closure of factory, as the case filed by the worker's union in Nashik Labour Court	Amount unascertained	Amount unascertained
F) Liability as may arise due to non compliance of certain fiscal statute	Amount unascertained	Amount unascertained
g) Income Tax Penalty Demand	19,38,082	19,38,082
h) Liability for Interest on deferred sales tax liability	Amount unascertained	1,12,48,818
4. a) The bank has auctioned the Land, Factory Premises, Plant and Machinery, Inventory and other assets lying at Nasik which has been approved by the Debt Recovery Tribunal. As per the correspondence received from the bank, out of the proceeds received bank has repaid Bank Cash Credit Liabilities, Debentures with interest, Electricity Charges, deposit given to Labour Court for Labour Settlement and other related expenses. The documentary evidences for such payments made by the bank not available with the Company. The accounting of the above transaction has been done on the basis of correspondence taken place with bank.		
b) 14% non-convertible debentures privately placed with LIC Mutual Fund is secured by way of first mortgage of all immovable properties, has been repaid by Bank along with interest out of the proceeds received by bank on auction of the Company. Debenture Redemption Reserve which has been created earlier, now transferred to Profit and Loss Account since Debentures were repaid.		
c) Cash credit advances which were lying with the bank has been settled by bank themselves out of the proceeds received from Auction of the assets of the Company's asset. The Balance in hand after settlement has been kept by the Bank of India in Hand without any interest bearing deposit. No confirmation from the bank has been received.		

- d) Bank has further informed that Rs.100.92 Lacs has been given to Labour Court for the labour settlement, however, no documents regarding such deposit or the settlement has been produced by bank before the Company nor Company is having any evidences from Labour Court.
5. Interest on Cash Credit and LIC loan has been directly repaid by the bank out of auction proceeds, no documentary evidence is available with the Company for such repayment.
  6. Sales Tax Incentive loan became payable w.e.f. 4<sup>th</sup> August, 2004 as per terms of its sanction due to closure of factory / business. The liability is shown under the head "Unsecured Loan" instead of "Current Liability". Since, the management of the view of to settle the liability with Sales tax interest on the amount due has not been provided in the books of accounts.
  7. Security deposit received from the dealers shown under the head "Unsecured Loan" though there is no business has been carried out during the year. The management is of the opinion that such liability is payable in due course. Interest on deposit is not payable hence not provided.
  8. The Company has revalued the Land during the year and auctioned. The Revaluation amount has been recorded as revaluation reserve and the profit arrived on auction of land has been recorded in the same account.
  9. There were no amounts due to Small Scale and / or Ancillary Industrial suppliers on account of principal and / or interest as at the end of year. This disclosure is based on the information available with the Company regarding the status of the suppliers as defined under Small Scale and Ancillary Industrial undertaking Act, 1993.
  10. Payments to and provisions for employees includes remuneration paid to executive directors:

Current Year Rs	Previous Year Rs.
Nil	Nil

11. Additional information required pursuant to provisions of para 3, 4C, 4D of part II of Schedule VI of the Companies Act, 1956.

	Current Year (MT)	Previous Year (MT)
Licenced and installed capacities:		
i. Licenced capacity	17,000	17,000
ii. Annual installed capacity on triple shift basis as determined by the		

management  
 - Coated and speciality paper and board Nil 10,000

Since the factory as well as Plant and Machinery has been sold out information required as per para 10 is Nil.

Earnings in foreign currency

FOB value of exports (Rupee payment) -- --

12. The Company has closed the business, hence segment reporting is not applicable.

13. The secondary segment, i.e. 'geographical segments by location of customers' is not applicable.

14. Related party disclosures:  
**Related party relationships:**

- a) Subsidiary Company : Vecron Industries Limited  
 (Enterprises where control exists)
- b) Key management : Mr. Vikram Somani  
 personnel Mr. Bharat Somani
- c) Enterprise in which Key : SRS Trading & Agencies Private  
 management personnel Limited  
 have significant influence

**Notes:**

- The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and the same have been relied upon by the auditors.
- The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year (except where control exists, in which case the relationships are disclosed irrespective of exact transactions).

**Transactions with related parties:**

(Amount in Rs.)

Particulars	Related parties			Total
	Subsidiary	Enterprise in which Key management personnel have significant influence	Key management personnel	
Managerial Remuneration	-- (--)	-- (--)	-- (--)	-- (--)

Loan taken	--	--	--	--
	(--)	(220,000)	(--)	(220,000)
Loan given	--	--	--	--
	(--)	(--)	(--)	(--)
Loan repaid	--	46,245	--	46,245
	(--)	(41,758)	(--)	(41,758)
Balances receivable as at year end.	43,188,386	--	--	43,188,386
	(43,188,386)	(--)	(--)	(43,188,386)
Balance payable as at year end	--	11,13,492	--	11,13,492
	(--)	(11,59,737)	(--)	(11,59,737)
Provision for doubtful loan	43,188,386	--	--	43,188,386
	(43,188,386)	(--)	(--)	(43,188,386)

Note :- Figures in brackets pertain to the previous year.

15. Earnings per share:

Earnings / (loss) before exceptional item

	Current Year Rs.	Previous Year Rs.
(i) Net profit / (loss) after tax available for equity shareholders	23,14,315	(21,63,921)
(ii) Weighted average number of equity shares outstanding during the year	1,402,150	1,402,150
(iii) Basic and diluted earnings / (loss) per share	1.65	(1.54)
(iv) Nominal value of share	10.00	10.00

Earnings / (loss) per share after exceptional item

(i) Net profit / (loss) after tax available for equity shareholders	23,14,315	(21,63,921)
(ii) Weighted average number of equity shares outstanding during the year	1,402,150	1,402,150
(iii) Basic and diluted earnings / (loss) per share	1.65	(1.54)
(iv) Nominal value of share	10.00	10.00

16. As per the Accounting standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax assets (net) arising during the previous year on account of timing difference. Having regard to the net worth of the Company being fully eroded and the Company is a Sick industrial company within the meaning of SICA and uncertainty as to whether the Company can continue as a going concern as mentioned in note 1 above, the deferred tax assets has not been recognised during the year.
17. The Company has received a favourable award against GTC Industries Ltd. (GTC) given by the Arbitral Tribunal directing GTC to pay Rs. 32.51 lacs with interest @ 15% p.a. from 01.01.1997 till payment plus Rs. 2.00 lacs for cost of arbitration proceedings in the matter of merger of Raighadh Paper Mills Ltd. (RPL) with the Company and take over of Premier Paper Mills Ltd. (PPML) by the Company, as a composite deal on the terms and conditions mentioned in the agreement dated 13.12.1995 made by the Company with

management  
 - Coated and speciality paper and board Nil 10,000

Since the factory as well as Plant and Machinery has been sold out information required as per para 10 is Nil.

Earnings in foreign currency

FOB value of exports (Rupee payment) -- --

12. The Company has closed the business, hence segment reporting is not applicable.

13. The secondary segment, i.e. 'geographical segments by location of customers' is not applicable.

14. Related party disclosures:

**Related party relationships:**

- a) Subsidiary Company : Vecron Industries Limited  
 (Enterprises where control exists)
- b) Key management : Mr. Vikram Somani  
 personnel : Mr. Bharat Somani
- c) Enterprise in which Key : SRS Trading & Agencies Private  
 management personnel : Limited  
 have significant influence

**Notes:**

1. The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and the same have been relied upon by the auditors.
2. The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year (except where control exists, in which case the relationships are disclosed irrespective of exact transactions).

**Transactions with related parties:**

(Amount in Rs.)

Particulars	Related parties			Total
	Subsidiary	Enterprise in which Key management personnel have significant influence	Key management personnel	
Managerial Remuneration	-- (--)	-- (--)	-- (--)	-- (--)

Loan taken	--	--	--	--
	(--)	(220,000)	(--)	(220,000)
Loan given	--	--	--	--
	(--)	(--)	(--)	(--)
Loan repaid	--	46,245	--	46,245
	(--)	(41,758)	(--)	(41,758)
Balances receivable as at year end.	43,188,386	--	--	43,188,386
	(43,188,386)	(--)	(--)	(43,188,386)
Balance payable as at year end	--	11,13,492	--	11,13,492
	(--)	(11,59,737)	(--)	(11,59,737)
Provision for doubtful loan	43,188,386	--	--	43,188,386
	(43,188,386)	(--)	(--)	(43,188,386)

Note :- Figures in brackets pertain to the previous year.

15. Earnings per share:

Earnings / (loss) before exceptional item

	Current Year Rs.	Previous Year Rs.
(i) Net profit / (loss) after tax available for equity shareholders	23,14,315	(21,63,921)
(ii) Weighted average number of equity shares outstanding during the year	1,402,150	1,402,150
(iii) Basic and diluted earnings / (loss) per share	1.65	(1.54)
(iv) Nominal value of share	10.00	10.00

Earnings / (loss) per share after exceptional item

(i) Net profit / (loss) after tax available for equity shareholders	23,14,315	(21,63,921)
(ii) Weighted average number of equity shares outstanding during the year	1,402,150	1,402,150
(iii) Basic and diluted earnings / (loss) per share	1.65	(1.54)
(iv) Nominal value of share	10.00	10.00

16. As per the Accounting standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax assets (net) arising during the previous year on account of timing difference. Having regard to the net worth of the Company being fully eroded and the Company is a Sick industrial company within the meaning of SICA and uncertainty as to whether the Company can continue as a going concern as mentioned in note 1 above, the deferred tax assets has not been recognised during the year.
17. The Company has received a favourable award against GTC Industries Ltd. (GTC) given by the Arbitral Tribunal directing GTC to pay Rs. 32.51 lacs with interest @ 15% p.a. from 01.01.1997 till payment plus Rs. 2.00 lacs for cost of arbitration proceedings in the matter of merger of Raighadh Paper Mills Ltd. (RPL) with the Company and take over of Premier Paper Mills Ltd. (PPML) by the Company, as a composite deal on the terms and conditions mentioned in the agreement dated 13.12.1995 made by the Company with

## ANNEXURE 'A'

## SOMA PAPERS &amp; INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
(As per GSR No. 388(E) [F No. 3/24/94-CLV] dated 15/05/1995)**Registration Details**

Registration No.	:	64085	State Code: 11
Balance Sheet Date	:	31/03/2009	

**Capital raised during the year** : (Amount in Rs. Thousands)

Public Issue (Net of allotment money in arrears)	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

**Position of Mobilisation and Deployment of Funds** : (Amount in Rs. Thousands)

Total Liabilities	59,482
Total Assets	59,482

**Sources of Funds**

Paid-up Capital	:	14,021
Reserves & Surplus	:	87,364
Secured Loans	:	Nil
Unsecured Loans	:	30,526

**Application of Funds**

Net Fixed Assets (including capital work-in-progress / capital advances)	:	10,666
Investments	:	Nil
Deferred Tax Assets (net)	:	Nil
Net Current Assets	:	39,130
Accumulated Losses	:	83,116

**Performance of Company** : (Amount in Rs. Thousands)

Turnover (including other income)	:	12,284
Total Expenditure (Net of increase/decrease in stocks)	:	9,918
Profit / (loss) before tax	:	2,314
Profit / (loss) after tax	:	2,314
Earning per share in Rs. - Before exceptional item	:	1.65

GTC. The Company has not accounted for the said award pending disposal of appeal filed by GTC in Bombay High Court against the said award.

18. In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities are adequate and not in the excess of the amount reasonably stated. The balances in case of sundry creditors, debtors and banks are subject to confirmation and reconciliations. The differences if any, as may arise will be accounted for on receipt of such information / reconciliation.

19. Research and Development expenses debited in other heads of accounts:

	<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
Depreciation	Nil	Nil

20. Previous year figures have been regrouped and rearranged, wherever necessary.

21. The balance sheet abstract and Company's general business profile as per GSR No. 388(E) [F. No. 3/24/93-CLV], Dated 15/05/1995, issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs is given in Annexure 'A'.

**Signature to schedules '1' to '16'**

FOR JAIN MAHESHWARY & CO.  
Chartered Accountants

(Dharmesh Shah)  
PARTNER

Mumbai, Dated: 3rd August, 2009

On behalf of the Board of directors

G. S. Mansawala - Director

K. G. Gupta - Director

Vikram Somani - Director

Bharat Somani - Executive Director

K. K. Somani - Chairman

Mumbai, Dated: 3<sup>rd</sup> August, 2009

- After exceptional item 1.65  
(Face value Rs. 10)  
Dividend rate (%) : Nil

**Generic Names of Three Principal Products / Services of the Company** : **(As per monetary terms)**

Item Code No. : 481010  
(ITC Code)  
Product Description : Coated Paper

Item Code No. : 480920  
(ITC Code)  
Product Description : Self Copy Paper