



74th Annual Report 2011-2012

BOARD OF DIRECTORS

Shri S. K. Somany (Chairman)
Shri A. K. Somany (Managing Director)
Shri Shrikant Bhat (Executive Director)
Shri B. L. Dhoot
Shri B. K. Hurkat
Shri Anoop Sharma (Nominee Director - IDBI Bank Limited)

COMPANY SECRETARY

Shri R. S. Sharma

AUDITORS

Pipara & Company
Chartered Accountants
"Pipara Corporate House",
Near Gruh Finance,
Netaji Marg, Law Garden,
Ahmedabad-380006.

BANKERS

IDBI Bank Limited
Dena Bank
State Bank of India
AXIS Bank Limited
Export Import Bank of India
ICICI Bank Limited

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Ph. No. : 033-22487406/07

WORKS

- 1) Rakhial Road, Ahmedabad - 380 023
- 2) Plot No. D-49, MIDC, Baramati - 413 133,
Dist. Pune, Maharashtra

REGISTRAR & TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.
13 AB, Samitha Warehousing Complex,
Sakinaka Telephone Lane, Sakinaka,
Andheri East, Mumbai-400 072
Ph. No. : 022-67720300/67720400

BRANCH OFFICE AT :

Devnandan Mega Mall, Office No. 416-420,
4th Floor, Opp. Sanyas Ashram,
Ashram Road, Ahmedabad-380 006
Phone No. : 079 – 26582381/82/83/84

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NOTICE OF THE 74th ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Fourth (74th) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on, Wednesday, the 19th day of September, 2012 at 2-30 P.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri B. L. Dhoot, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:-

4. Re-appointment of Shri Shrikant Bhat as Whole-time Director:

(As a Special Resolution)

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and rules made there under and any amendments thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, if required, and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the re-appointment of Shri Shrikant Bhat, as a Rotational Whole-time Director of the Company, designated as Executive Director, who shall be subject to retirement by rotation in terms of Section 255 read with other relevant provisions including Section 257 of the Companies Act, 1956 for a period of 3 (Three) years with effect from 18th January, 2013 to 17th January, 2016, on such remuneration comprising of salary, bonus/ex-gratia in lieu of bonus, perquisites, allowances and/or benefit(s), as have been approved by the Board of Directors of the Company, within the maximum limits determined and fixed herein by the Board subject to overall limit, stipulated in Sections 198 and 309 of the Companies Act, 1956 and subject further to obtaining Members’ approval by virtue of this Special Resolution, proposed to be passed at this meeting and on such other terms, conditions and stipulations as contained in the “Draft Agreement” to be entered into between the Company of the ONE PART and Shri Shrikant Bhat of the OTHER PART, extract of which is also set out in the Explanatory Statement, attached to the Notice of 74th Annual General Meeting of the Company (“AGM Notice”), and a draft of the AGREEMENT is placed before this meeting and initialed by the Chairman of the Company for the purpose of identification, which agreement is hereby specifically approved and sanctioned.

“RESOLVED FURTHER THAT Board may in its absolute discretion pay to Shri Bhat, a Whole-time Director designated as Executive Director lower remuneration within the said maximum limits as stipulated in the Draft Agreement and the Explanatory Statement hereinabove referred to.”

“RESOLVED FURTHER THAT the Executive Director shall not be entitled to any sitting fee for attending meeting of the Board and/or Committee(s) thereof.”

“RESOLVED FURTHER THAT within the terms of remuneration as set out in the Explanatory Statement and the ‘Draft Agreement’ referred to hereinabove and as approved herein by the shareholders, the Board of Directors of the Company be and is hereby authorized to revise, vary or increase the remuneration (salary, bonus/ex-gratia in lieu of bonus, perquisites and allowances) from time to time, to the extent the Remuneration Committee of the Board of Directors and/or the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Shri Bhat shall be within the limits set out in the Act including Schedule XIII to the Act or any amendments thereto or any modifications or statutory enactment thereof and/or rules or regulations framed thereunder without any further reference to the Members of the Company in the General Meeting and accordingly the terms of the aforesaid ‘Draft Agreement’ between the Company and Shri Bhat shall be suitably modified to give effect to such variation or increase as the case may be.”

“RESOLVED FURTHER THAT notwithstanding anything contained hereinabove where in any financial year during the currency of the tenure of Shri Bhat, the Company has no profits or its profits are inadequate, the Company do pay to Shri Bhat, the existing remuneration as, a “Minimum Remuneration” per month by way of salary, bonus/ ex-gratia in lieu



of bonus, perquisites and allowances as specified in the 'Draft Agreement' and also in the Explanatory Statement annexed to the AGM Notice, subject to and within the maximum ceiling limits laid down under para 1 of Section II of Part II of Schedule XIII to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder unless otherwise prior approval of the Central Government is obtained if and to the extent necessary."

"RESOLVED FURTHER THAT in the event Central Government approval is sought for, the remuneration payable to Shri Bhat as set out in 'Draft Agreement' and also in the Explanatory Statement annexed to the Notice of 74th AGM and referred to hereinabove will be subject to such modifications/amendments/ changes as the Central Government may suggest or require or direct and which the Board of Directors/Remuneration Committee is authorised to accept on behalf of the Company and as may be acceptable to Shri Bhat."

"RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule XIII to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, bonus/ex-gratia in lieu of bonus, perquisites and/or allowances to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule XIII to the said Act and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to execute and sign the agreement and other documents and take such steps and do all such act, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Dated, the 1st August, 2012

By Order of the Board

R. S. Sharma
(Company Secretary & Compliance Officer)

Notes :

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS/HER PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ATTACHED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF COMMENCEMENT OF THE MEETING.**
2. Corporate Members/Trust/Society intending to send their authorized representatives for attending the Annual General Meeting are requested to send a duly certified copy of the Board/Managing Committee Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
3. In case of Joint Holders attending the Meeting only such Joint Holder who is higher in names will be entitled to vote.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 10th September, 2012 to Wednesday, the 19th September, 2012 (both days inclusive).
5. Members are requested to notify change in their address, if any, quoting their folio number to the Company and/or Sharepro Services (India) Private Limited, the Registrar & Transfer Agent (RTA) of the Company.
6. Members/Proxies are requested to bring their copies of the Annual Report to the Meeting.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and the Rules made thereunder, all unclaimed or unpaid dividends declared upto and including the financial year ended 31st March, 1995 have already been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those Shareholders, who have, so far, not claimed or collected the dividends up to the aforesaid financial years, may claim their dividend from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata – 700 020 by submitting

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to them an application in Form II, prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

8. Pursuant to the provisions of Section 205A(5) read with Section 205C of the Companies Act, 1956, as amended the Company has transferred all the unpaid and/or unclaimed dividends up to the financial year ended 31st March, 1998, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. The Company has however not declared any dividend thereafter since the financial year ended 31st March, 1999.

Shareholders may note that no claim shall lie against the Company or the said Fund in respect of any individual amounts which were unclaimed and unpaid for a period of 7 (Seven) years from the date(s), they first became due for payment, once transferred to the said fund and no payment shall be made in respect of any such claim.

9. Members holding Shares in physical form appoint a nominee by filing Form 2B (in duplicate) prescribed by the Companies Act, 1956, duly completed and signed to the Company or its RTA in their own interest. Members holding shares in demat may get their nomination recorded with their respective Depository Participant (DP).
10. Members who hold shares in physical form in multiple folios in identical order of names or joint accounts in the same order and names, are requested to send details of such folios together with Share Certificates to the Company's RTA for consolidation into a single folio.
11. Members who wish to obtain any information, on the Company or its Accounts and operation may send their queries to the Company at least 10 days before the Meeting so as to enable the management to keep the information ready at the Meeting.
12. Members who hold shares in dematerialised form are requested to bring their Depository ID and Client ID Numbers for easier identification of attendance at the Annual General Meeting.

13. Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to inform their e-mail address to the Registrar and Transfer Agent of the Company M/s. Sharepro Services (India) Pvt. Ltd., 13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinaka, Andheri East, Mumbai – 400 072, quoting their folio nos at E-mail ID – sharepro@shareproservices.com

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment at the Annual General Meeting as required under Clause 49 (IV) (G) of the Listing Agreement:-

Shri Bajranglal Dhoot, aged about 81 years, is a businessman and holds an Intermediate degree in Arts. He has a rich and long business experience armed with strength in strategic thinking and over 50 years business skills.

Shri Dhoot was appointed a director of the Company, liable to retire by rotation, at the Annual General Meeting (AGM) held on 24th August, 2009. He is the Sole Proprietor of Dhoot Traders and holds partnership in Sumangal, a partnership firm.

Shri Dhoot is currently the Chairman of the Audit Committee of the Company set up in line with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement dealing with the code on Corporate Governance. He is also member of Remuneration, Share Transfer, Shareholders'/Investors' and Executive Committees constituted by the Board of Directors of the Company. He does not hold any share in this Company as of date. He does not hold directorship and Committee Membership in any other Company.

The Board considers that re-appointment of Shri Dhoot as a Director would be in the interest of the Company. No director other than Shri Dhoot is in any way concerned or interested in the proposed Resolution as set out in item no. 2 of the accompanying Notice of the Annual General Meeting. Shri Dhoot is interested in the resolution since it relates to his re-appointment.



Shri Dhoot is not disqualified from being re-appointed as Director under Section 274(1)(g) of the Companies Act, 1956. The Company has received the requisite Form-DDA from Shri Dhoot in terms of Companies (Disqualification of Director under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such re-appointment.

The Board therefore recommends this resolution for the approval of the Shareholders.

The explanatory statement may also be regarded as a disclosure in compliance with the requirement under Clause 49(IV)(G) of the Listing Agreement with the Stock Exchange(s).

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Dated, the 1st August, 2012

By Order of the Board

R. S. Sharma
(Company Secretary & Compliance Officer)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

At the 70th Annual General Meeting (AGM) of the Company held on 4th September 2008, the Members had approved of the appointment and terms of remuneration of Shri Shrikant Bhat (Shri Bhat) as Whole-time Director designated as Executive Director of the Company for a period of 5 (Five) years from 18th January, 2008 to 17th January, 2013, as specified in the Explanatory Statement annexed to the Notice of the 70th AGM.

The present tenure of Shri Shrikant Bhat ("Shri Bhat") as rotational Whole-time Director designated as Executive Director of the Company liable to retire by rotation, will expire by an efflux of time on 17th January, 2013.

The Board of Directors of the Company ('the Board') at its meeting held on 24th May, 2012, have re-appointed Shri Bhat as Whole-time Director, designated as Executive Director for a period of 3 (Three) years, effective from 18th January, 2013.

Shri Bhat, aged about 47 years, is a Commerce Graduate and Chartered Accountant from the Institute of Chartered Accountants of India (ICAI) and has over 20 years of working experience with Corporates including about 10 years with our Company. He has rich experience of managing Corporate Finance, Financial Planning and Analysis, Taxation and Financial Restructuring.

At its meeting held on 24th May, 2012, the Board, has, subject to approval of the Shareholders in the ensuing 74th Annual General Meeting (AGM) at the recommendation of Remuneration Committee, approved the remuneration payable to Shri Bhat, upon his re-appointment as Whole-time Director, designated as Executive Director, within and upto the ceiling or maximum limit for the remuneration of the whole-time Director, as have been determined, fixed subject to overall ceiling contained in Sections 198, 309 read with Schedule XIII to the Companies Act, 1956 ('the Act') and other applicable provisions, if any of the Act and herein proposed by the Board with absolute authority to the Board to decide, fix and thereafter revise the remuneration of Shri Bhat, from time to time for a given year/period within and upto the maximum limit for remuneration of whole-time Director as herein proposed and contained in the Draft Agreement to be entered into between the Company and Shri Bhat, subject to overall permissible limit laid down under Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act, as may be recodified.

An abstract of the main terms and conditions as laid down in Draft Agreement relating to re-appointment of Shri Bhat as the Whole-time Director, designated as Executive Director of the Company together with the Memorandum of Interest is set out below:-

- 1) Period of Appointment :** 3 (Three) years, effective from 18th January, 2013.
- 2) Nature of Duties :** Subject to the superintendence, control and direction of the Board, Shri Bhat shall perform such duties and exercise such powers as may from time to time be entrusted to or vested in him by the Board and shall devote the whole of his time and attention to his service as the Executive Director of the Company.
- 3) Remuneration (including maximum limit)**

Shri Bhat, Executive Director, shall be entitled to the following remuneration with effect from 18th January, 2013 for the period of his office from 18th January, 2013 to 17th January, 2016 or as may be determined and revised by the Board at its discretion from time to time within the maximum permissible limit.

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- A) Salary (Basic + D.A)** At ₹ 82,820/- per month, with such increments and/or accelerated increments as may be decided by the Board of Directors of the Company, first increment from 1st April, 2013 and thereafter from 1st April each year, upon due recommendation of the Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites or allowances related to and depending upon the quantum of salary, within and upto a maximum of ₹ 5,00,000/- (Rupees Five Lac) per month.
- Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time subject to within and upto a maximum Salary of ₹ 5 Lacs per month or ₹ 60 Lacs per annum.
- B) Bonus/Ex-gratia, in lieu of Bonus** In addition to Salary, Shri Bhat shall also be entitled to bonus/ex-gratia in lieu of bonus, subject to ceiling of one month's salary for each financial year or as may be fixed and determined by the Board of Directors of the Company from time to time at its absolute discretion, within and upto such amount or percentage of Bonus/Ex-gratia, as may be decided by the Board/ Remuneration Committee of the Company at its discretion from time to time, subject however upto and within an overall ceiling prescribed in Schedule XIII to the Companies Act, 1956.(5% of the net profits in case of one whole-time Director and 10% of the net profits for more than one whole-time Director)
- C) Perquisites Allowances & Benefits** In addition to Salary & Bonus/Ex-gratia, in lieu of Bonus, Shri Bhat shall also be entitled to all the following perquisites, allowances & benefits, subject however to a ceiling restricted to 100% of his annual Salary :

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows :

CATEGORY – A

This will comprise of house rent allowance, medical reimbursement, leave travel concession, fees on clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Shri Bhat, as per rules of the Company. These may be provided for as under:

Housing

- i) The expenditure incurred by the Company on hiring furnished accommodation for Shri Bhat will be subject to the ceiling 60 (Sixty) percent of the Salary, over and above 10 (Ten) percent payable by Shri Bhat.
- ii) In case the accommodation is owned by the Company, 10 (Ten) percent of the salary of Shri Bhat shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, Shri Bhat shall be entitled to House Rent Allowance subject to the ceiling laid down under Clause (i) above.

Explanation:

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10 (Ten) percent of the salary of Shri Bhat.

Medical Reimbursement

Expenses incurred for Shri Bhat and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession

For Shri Bhat and his family once in a year, while on leave, incurred in accordance with the Rules of the Company.

Club Fees

Fees of Clubs subject to a maximum of two clubs as may be permissible by the Company. This will not include admission and life membership fees.



Personal Accident Insurance

Of an amount, the annual premium of which shall be paid as per Rules of the Company.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Shri Bhat, as per rules of the Company or as the Board of Directors, may from time to time decide.

The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable, otherwise at actuals.

Explanation:

For the purpose of CATEGORY –'A', Family means, the spouse, the dependent children and dependent parents of Shri Bhat.

NOTE:

All the perquisites/allowances/benefits will be inter-changeable i.e., any excess in a particular perquisites may be permissible by corresponding reduction in or more of the perquisites/allowances/benefits.

CATEGORY – B

- i) Contributions to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable should not exceed half a month's salary for each completed year of service, subject to such ceiling as may be fixed by the Government from time to time and will not be included in the computation of the ceiling on perquisites.
- iii) Encashment of Leave at the end of the tenure will be permitted as per the Rules of the Company and will not be included in the computation of the ceiling on perquisites.

These perquisites as specified in paragraph 2 of Section II of Part II of Schedule XIII to the Act, however shall not be included in the computation of the ceiling on the minimum remuneration specified under Para 1 of Section II of Part II of Schedule XIII to the Act.

For the purpose of Provident Fund, Gratuity and Leave benefit, the service of Shri Bhat, Executive Director, will be considered as continuous service from the date of his joining the Company without considering any break in the service.

CATEGORY – C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to Shri Bhat.

Provided the aggregate of remuneration payable by way of salary, bonus/ex-gratia in lieu of bonus and perquisites, allowances and benefits to Shri Bhat, as contemplated under Clauses (A), (B) and (C) of the Remuneration clause 3 above shall not, in any financial year exceed the overall ceiling stipulated in Sections 198, 309 and other applicable provisions of the Act read with Schedule XIII of the Act (5% of the net profits in case of one Whole-time Director and 10% of the net profits for more than one Whole-time Director as calculated in accordance with Sections 198, 309 of the Act).

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Managing Director and Executive Director(s) as calculated in accordance with Sections 198, 309 and other applicable provisions of the Companies Act, 1956 for each financial year, read with Schedule XIII to the said Act, as may for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits under Section 349, 350 of the Companies Act, 1956, in any financial year(s) during the currency of tenure of office of Shri Bhat, the Company shall pay him in respect of such financial year(s) remuneration by way of consolidated salary, Bonus or Ex-gratia in lieu of Bonus, perquisites and allowances as minimum remuneration as he may be then drawing as specified in Clauses (A), (B) & (C) of the Remuneration Clause 3 above, subject to an overall limits laid down under Para 1 of Section II of the Part II of Schedule XIII to the Companies Act, 1956, as applicable to the

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Company at the relevant time depending upon the effective capital of the Company or such other limits, as may be provided by the Central Government from time to time as to minimum remuneration.

The perquisites specified under category 'B' of Remuneration Clause 3, above in terms of paragraph 2 of Section II of Part II of Schedule XIII to the Act, however shall not be included in the computation of the ceiling on the minimum remuneration specified under Para 1 of Section II of Part II of Schedule XIII to the Act.

Sitting Fee

Shri Bhat shall not so long as he acts as the Executive Director of the Company be paid any sitting fees for attending any meetings of the Board or any Committee thereof.

Other Terms

Shri Bhat shall not during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets processes of the Company and shall during the continuance of his employment hereunder use his best endeavours to prevent any other person from doing so.

Shri Bhat hereby undertakes that so long as he functions as the Executive Director of the Company he shall not become interested or otherwise concerned, directly or indirectly, or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.

Nothing herein contained shall entrust or be deemed to entrust Shri Bhat with substantial powers of management of the affairs of the Company.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time within the limits laid down in Schedule XIII to the Act.

Retirement by Rotation

Shri Bhat shall be liable to retire by rotation in accordance with the provision of Section 255 of the Companies Act, 1956. If at any time Shri Bhat ceases to be a Director of the Company for any cause whatsoever he shall cease to be a Whole-time Director of the Company hitherto designated as Executive Director.

Termination

Notwithstanding anything contained in this Agreement, either party, shall be entitled to determine this Agreement by giving two calendar months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever to terminate the Agreement on giving to Shri Bhat two month's salary as specified in Clause (A) of the Remuneration Clause 3 above and/or the Agreement entered/to be entered in to by the Company with Shri Bhat in lieu of two calendar months' notice required to be given under this Clause.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in the case of Shri Bhat by being delivered either personally to him or left for him at his address last known to the Company or sent by Registered Post addressed to him at such address and in the case of the Company by being delivered at or sent by Registered Post addressed to its Registered Office; any such notice if so posted shall be deemed served on the day following that on which it was posted.

With the approval of the Members to the proposed Resolution, the Board will have the discretion and delegated authority of the Members of the Company to fix and revise the salary within overall ceiling (I) as specified under the relevant provisions of Companies Act, 1956 and (II) as approved by the Members hereinunder this Resolution, whichever is lower.

The limits specified in the Explanatory Statement attached to this Notice of 74th AGM in regard to Resolution set out at item No. 4 are only the maximum limits and the Board may in exercise of the delegated authority pay Shri Bhat, a lower remuneration and may revise the same from time to time within the maximum limits stipulated in the Explanatory Statement attached to the notice forming part of the Resolution.

However, in the absence, or inadequacy of profits in any financial year, during the tenure of Shri Bhat, Executive Director of the Company, the minimum remuneration payable by the Company to him by way of salary, bonus/ex-gratia in lieu of bonus and perquisites shall not exceed the maximum limit of ₹ 48 Lacs prescribed under Section II(B) of Part II of Schedule XIII of the Act, unless otherwise approved by the Central Government, as envisaged under the said Schedule XIII of the Act.



Therefore, any payment of remuneration to Shri Bhat in excess of ₹ 48 Lac, which is the maximum permissible under Section II(B) of Part II of Schedule XIII to the Act, would require the approval of the Central Government, as prescribed under the Act.

Pursuant to Section II(B) of Part II of Schedule XIII of the Act, a Statement in the prescribed format is required to be sent to all shareholders, containing the information specified therein along with the Notice calling the Annual General Meeting of the Company.

Accordingly this Resolution is intended for seeking Members' approval to this Resolution which fixes the ceiling or the maximum limit for remuneration payable to Shri Bhat, Whole-time Director designated as Executive Director, and delegates authority to the Board to decide on the specifics of changes in Remuneration for Shri Bhat, under the provisions of Sections 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, and modification(s) thereto, and also for the purpose of seeking approval to the appointment of and Remuneration payable to Shri Bhat, within the overall limits as specified and laid down by the Company. The Board therefore recommends passing of this Resolution by Members of the Company.

MEMORANDUM OF INTEREST

Save and except Shri Bhat, none of the Directors of the Company is in any way concerned or interested or deemed to be concerned or interested in passing of the said Resolution relating to appointment and payment of remuneration.

INSPECTION OF DOCUMENTS

The copy of the Service Agreement entered into between the Company and Shri Bhat in connection with his appointment as Whole-time Director is available for inspection of the Members at the Registered Office of the Company on any working day between 12-00 Noon and 2-00 P.M. upto and including the date of Annual General Meeting or any adjournment or adjournments thereof. The same will also be available at the meeting.

ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT UNDER SECTION 302 OF THE COMPANIES ACT, 1956

The terms and conditions of re-appointment and remuneration payable to Shri Bhat as Whole-time Director, designated as 'Executive Director' of the Company, as set out in the Agreement referred to and Explanatory Statement, duly annexed to the accompanying Notice should be treated as an 'ABSTRACT' of the terms of his re-appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The requisite information required to be provided to the Shareholders of the Company in the Notice convening the Annual General Meeting of the Company in terms of Part-II, Section II-1(B) of Schedule XIII to the Companies Act, 1956 is set out below :-

I. General Information :-

- (1) Nature of Industry : Manufacturer of Textile and Cotton Yarn.
- (2) Date or expected date of commencement of commercial production : 1969.
- (3) Financial performance on given indicators :

(₹ in Lacs)				
Year ending 31st March	Sales	Operating Profit/(Loss)	Profit/(Loss) before Tax	Net Profit/(Loss) after Tax
2008	19,261	662	(905)	(1,760)
2009	15,707	(1,850)	(3,501)	(2,837)
2010	20,756	(296)	(1,951)	(1,868)
2011	27,833*	960*	(582)	(475)
2012	26,614	(64)	(787)	(746)

*Revised and regrouped

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(4) Export performance and net foreign exchange earnings :

Due to facing stiff competition and lower demand, the Company was able to export for ₹ 1,939 lakhs as against the export of ₹ 3,219 lakhs achieved in the previous year.

Foreign exchange earned and used during the financial year 2011-12 and 2010-11 :-

(₹ in Lakhs)

	2011-12	2010-11
Foreign Exchange earned	1,939	3,219
Foreign Exchange used	395	583

(5) Foreign Investments or Collaborators, if any :

Holdings of FIIs/NRIs and other non-residents is 20.15% (out of which 20% is held by Mavi Investment Fund Limited) in the Company as at 31st March, 2012. The Company has no foreign Collaborator.

II. Information about the appointee :-

(1) Background details : Shri Shrikant Bhat (Shri Bhat), aged about 47 years, is a Graduate in Commerce and Chartered Accountant by qualification and presently the Whole-time Director designated as Executive Director of the Company. His long standing experience and knowledge is useful to the Company. Shri Bhat has successfully and in a sustained way, contributed significantly towards improvement and growth of the Company. He has over 20 years of experience in Corporate Finance and Taxation. Shri Bhat does not hold any shares in Soma Textiles & Industries Limited as on 31st March, 2012.

(2) Past remuneration : 2007-2008 : ₹ 1,42,913/-*
2008-2009 : ₹ 9,37,391/-
2009-2010 : ₹ 10,47,238/-
2010-2011 : ₹ 13,73,361/-
2011-2012 : ₹ 18,19,733/-

* For the period from 18th January, 2008 (date of his appointment as Whole-time Director) to 31st March, 2008.

(3) Job profile and his suitability : Shri Shrikant Bhat the Whole-time Director of the Company, shall devote his whole-time and attention to the business and affairs of the Company and carryout such duties, as may be entrusted to him from time to time by the Board of Directors of the Company ("the Board") and exercise such powers as may be assigned to him by the Board subject to the superintendence, control and directions of the Board in connection with and in the best interest of the Company and the business of its associated and/or subsidiary Company(ies), as the case may be. The Board is of the opinion that Shri Bhat has the requisite qualifications, expertise and experience for the job, he is presently holding.



- (4) Remuneration proposed : (a) Salary (Basic + DA) at ₹ 82,820/- per month within and up to a maximum of ₹ 5,00,000/- per month with authority to the Board to fix the salary and to consider an annual increment/accelerated increment at its discretion upto and within the said maximum amount of salary, upon recommendation of the Remuneration Committee,
- (b) Bonus/Ex-gratia in lieu of Bonus, subject to a ceiling of one month's salary (Basic + D.A.) for each financial year or as may be determined by the Board from time to time and
- (c) Perquisites and other allowances as spelt out in the Explanatory Statement annexed to the Notice convening the 74th Annual General Meeting of the Company subject to a ceiling restricted to 100% of his annual salary (Basic + D.A.) or as may be determined by the Board from time to time within the maximum limit for remuneration fixed by the Company provided the aggregate of salary, bonus/ex-gratia in lieu of bonus, perquisites and other allowances as contemplated above under items (a), (b) & (c) shall not exceed the overall limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act as may for the time being in force. (5% of the net profits in case of one Whole-time Director and 10% of the net profits for more than one Whole-time Director as calculated under Section 198 and 309 of the Companies Act, 1956).
-

- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person : Considering the size of the Company, the profile of Shri Shrikant Bhat and the responsibilities shouldered by him, the remuneration package is commensurate with the remuneration package paid to managerial position in other similar Companies.
-

- (6) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any : The Whole-time Director has no other pecuniary relationship directly or indirectly with the Company or with any of the managerial personnel of the Company, except to the extent of remuneration and other employment benefits being paid to him as the Whole-time Director of the Company.
-

III. Other Information :-

- (1) Reasons for loss or inadequate profits : Substantial increase in cost of major raw materials like cotton, dyes & chemicals, power & fuel and high volatility in foreign exchange market coupled with global recession which lead to lack of demand and drop in consumer sentiments had severe adverse impact on the workings of the Company for the year 2008 and onwards. Hence there is continuous loss in the Company.
-

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- (2) Steps taken or proposed to be taken for improvement : The Company had been granted, at the request of the Company, a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009 for restructuring the Company's existing financial assistance availed of from the Institutional Lenders and Working Capital Banks, and sanctioning additional financial assistance to the Company to ease out financial distress and constraints to some extent, the Company had been facing in view of continuous loss. The Management is also taking necessary and adequate steps to improve workings and profitability of the Company and will continue in its endeavor to improve Company's performance.
-
- (3) Expected increase in productivity and profits in measurable terms : The recent Economic Scenario across the Globe has badly affected the Indian Textile Industry. The Company has incurred net loss of ₹ 746 lacs compared to net loss of ₹ 475 in the previous year. Turnover of the Company has also decreased at ₹ 26,614 lacs as compared to ₹ 27,833 lacs in the previous year.
-

IV. Disclosures :

- (1) The Shareholders shall be informed of the remuneration package of the managerial person : Yes, the Remuneration package has been fully disclosed under the Explanatory Statement, in regard to special resolution set out at item no. 4 of the Notice relating to re-appointment and remuneration payable to Shri Shrikant Bhat, the Whole-time Director duly annexed to the Notice convening the 74th Annual General Meeting of the Company, as determined and fixed by the Board subject to overall ceiling laid down in Sections 198, 309 and other applicable provisions of the Companies Act, 1956, including Schedule XIII to the Act, to seek members' approval.
-
- (2) All elements of remuneration package such as salary benefits, bonuses, stock option, perquisites of all the Directors : The Remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report for the year 2011-2012.
-
- (3) Details of fixed components and performance linked incentives along with performance criteria
-
- (4) Service contracts, notice period, severance fees etc : Service Agreement is for 3 (Three) years from 18th January, 2013 to 17th January, 2016. Notice period is 2 (Two) months. No severance fee is payable on termination.
-
- (5) Stock option details, if any and whether the same has been insured at a discount as well as the period over which accrued and over which exercisable : The Company has not issued any stock options to any of Directors or Managerial Personnel.
-

Registered Office:
2, Red Cross Place,
Kolkata - 700 001
Dated, the 1st August, 2012

By Order of the Board

R. S. Sharma
(Company Secretary & Compliance Officer)



SOMA TEXTILES & INDUSTRIES LIMITED

REGD. OFFICE: 2, RED CROSS PLACE, KOLKATA – 700 001

1st August, 2012

Sub: Green Initiative in Corporate Governance for Paperless Communication

To
The Shareholders

The Ministry of Corporate Affairs (MCA) had vide its Circulars Nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011, taken a "Green Initiative" in the Corporate Governance by allowing paperless compliances by the Companies for the service of the requisite documents such as notices of General Meetings, Audited Financial Statements, Auditor's Reports, Director's Reports to its Members through electronic mode in compliance with the provisions of Section 53 of the Companies Act, 1956. Our Company appreciates the initiative taken by MCA.

We therefore propose to send such documents henceforth to the Members in Electronic form. Accordingly, we are in the process of updating the database of the Company's Members, who are holding their shares in physical mode by incorporating their designated e-mail id in our records to enable the Company for sending Annual Reports and such other requisite documents for compliance with the provisions of Section 219 (1) of the Act and to ensure its legal validity. You are therefore requested to register your e-mail address(es) and changes therein from time to time by sending back the format given duly filled in and signed to our Registrar or Transfer Agent at the address mentioned below:

Sharepro Services (India) Pvt. Limited
Unit: **Soma Textiles & Industries Limited**
416/420, Devnandan Mall, Opp: Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006

or alternatively scanned copy of the form be kindly forwarded to the email id of Sharepro Services (India) Pvt. Limited i.e. sharepro@shareproservices.com.

In respect of the shares held by the Members in demat mode, they are also requested to provide their DP ID/Client ID and register the same with their respective Depository Participants.

Upon registration of the email address(es) the Company proposes to start sending the requisite documents to the Members of the Company via electronic mode /email.

Please take a note that your email address shall be updated after due verification of your signature.

This is an advance intimation and opportunity for you to register your e-mail id without any fail. We would appreciate, if you could provide us the desired information at the earliest.

However, in addition to getting the documents through your registered e-mail, you can also have access to such documents through our Company's website i.e. www.somatextiles.com. These documents will also be available for inspection at the Registered Office of the Company during office hours.

Needless to mention, you are entitled as a Member of the Company, to be furnished with a copy of above referred documents as required under the provisions of the Companies Act, 1956, free of cost upon receipt of a requisition from you.

We solicit your valuable cooperation and support in our endeavour to contribute bit to the environment.

Assuring you of our best services.

Thanking you
For **Soma Textiles & Industries Limited**

R. S. SHARMA
Company Secretary & Compliance Officer

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SOMA TEXTILES & INDUSTRIES LIMITED

REGD. OFFICE: 2, RED CROSS PLACE, KOLKATA – 700 001

EMAIL COMMUNICATION REGISTRATION FORM

(In terms of circular issued by the Ministry of Corporate Affairs, dated 21st April, 2011)

Date: _____

Sharepro Services (India) Pvt. Limited

Unit: Soma Textiles & Industries Limited

416/420, Devnandan Mall,

Opp: Sanyas Ashram, Ellisbridge

Ahmedabad – 380 006

SUB: CONSENT CUM E-MAIL REGISTRATION FOR PAPERLESS COMMUNICATION

MEMBERS ARE REQUESTED TO FILL THE DETAILS BELOW, SO THAT WE CAN FORWARD THE ABOVE REFERRED COMMUNICATION/DOCUMENTS THROUGH EMAIL

Name of Sole/1st Holder _____

Name of the Joint Holder _____

Folio No. _____ No. of Shares held. _____

DP Id No. _____ Certificate No.(s) _____

Client Id No. _____ Distinctive No.(s) _____

E-mail Id _____
(to be registered)

PAN _____

I / We _____ resident of _____ being
a member / members of Soma Textiles & Industries Limited, hereby agree to receive the communication / documents at
_____ (please mention email Id)

Thanking you
Yours faithfully

Signature of sole/1st holder (as in Company's records)

Name : _____

Present/Correspondence Address:

Permanent Address:



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 74th Annual Report of the Company, along with the audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS

The Financial Year under review was challenging for the entire Textile Industry. The Unprecedented price fluctuation in cotton and cotton yarn in the global and domestic markets, coupled with frequent changes in the Central Government policies, devaluation of the Indian Rupees cost World currencies resulted in tremendous problems for the entire Textile value chain. The Textile spinning industry was further subjected to problems of severe power cut and non availability of skilled labour resulting in increased cost on the labour front. All these collectively resulted in a reverse business scenario and due to uncertainty in the yarn market your Company had curtailed the productivity at the Baramati Unit for two months.

During the year, due to the reasons mentioned above, the Revenue from Operations was lower by 4.38% at ₹ 26,614 lacs as compared to ₹ 27,833 lacs in the previous year. The Company has incurred a net loss of ₹ 746 lacs against the previous year net loss of ₹ 475 lacs.

2. DIVIDEND

The Board of Directors of your Company have not recommended any dividend for the financial year under review considering the loss incurred during the year.

3. COTTON

Although Cotton production in India is expected to be the highest (over 35 million bales) the volatility in the prices neither safe guarded the interest of farmers nor that of the mills. Added to this was the permission to allow export of cotton under OGL which further boosted the volatility. The Government of India was forced to stop the export of cotton for some time to control the runaway prices.

4. EXPORT

The sharp increase in the price of cotton greatly lowered the demand of both yarn and fabrics. The FOB value of export during the year under review was ₹ 1,939 lacs as against ₹ 3,219 lacs in the previous year.

5. PROSPECT

The recession in the European and the US market still continues but it is hoped that some improvements in the US Economy will help to increase our exports to that country. The Government of India has not been able to control the deficit financing and the cost of living continues to rise unabated which has also affected the operations of your Company.

Cost of production increased substantially due to more than 20% rise in the Power cost and other input costs which resulted in Indian Textile Industry becoming less competitive in export market as a result Foreign Exchange earnings capacity of textile industry in India has greatly reduced. In order to bring the accelerated growth in Textile Industry, suitable incentive policy from the Government is the need of the hour.

Notwithstanding the current economic environment there are strong reasons to be bullish on the country's long term growth potential. Favorable demographics a large growing middle class with increasing disposal incomes support a strong consumption story.

It is worth to note that the Government proposes to increase the investment in this sector to generate more employment through various schemes viz., Scheme for Integrated Textile Parks (SIP), Technology Upgradation Fund Scheme (TUFs), Integrated Skill Development Scheme (ISDS), Technology Mission on Technical Textiles (TMTT). The allocation for this sector during the 12th Five Year Plan is proposed to be increased to around ₹ 49,650 crore as against an allocation of ₹14,000 crore during the 11th Five Year Plan.

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6. EXPANSION AND MODERNISATION

Modernization and expansion of the textile industries in India is almost stagnant. The Government must also ask the banking industries to make available adequate fund to modernize, expand and bring about reduction in the cost of manufacture to compete in the export market particularly against Pakistan, Bangladesh, Vietnam and China.

7. RIGHTS ISSUE

As reported last year, the Board had approved, in principle, issue of equity share of ₹ 10/- each on rights basis at par for an amount not exceeding ₹10 crore as per the stipulation made under the Capital Debt Restructuring (CDR) Scheme, sanctioned to the Company by Corporate Debt Restructuring (CDR) Cell. Shareholders had also subsequently approved the same. However, the Draft Letter of Offer which was filed with the Securities and Exchange Board of India (SEBI), Kolkata, for their approval was withdrawn by the Company because of substantial change in the project cost from ₹ 12.35 crores to ₹ 25.72 crores. The Company is now having the option to file a revised offer letter for rights issue or opt for preferential issue of equity shares to promoters, as SEBI (SAST) Regulations, 2011 which have been notified by SEBI, inter alia provides that acquisition of shares not involving a change of control over the Company, pursuant to a CDR scheme shall be exempted from the obligation of making an open offer subject to fulfillment of certain conditions.

Considering the current market scenario, the Company has now approached CDR seeking approval for raising of equity capital either by way of right issue to shareholders or by way of preferential issue to promoters. The decision of CDR was received permitting the Company for raising the equity capital in either of the modes as approached by the Company. However in order to provide equal opportunity to all the Equity Shareholders, the Board has finally decided to proceed with the issue of Equity Shares of ₹ 10/- each on Rights Basis to existing Shareholders of the Company in terms of the Special Resolution passed at an Extra Ordinary General Meeting held on 7th December, 2009, instead of Preferential Issue, to the promoters and promoters group, as earlier decided by the Board at its meeting held on 24th May, 2012. Revised Offer Letter for Rights Issue is being made ready to file with SEBI, Kolkata.

8. CASH FLOW STATEMENT

The Cash Flow Statement, for the year ended 31st March, 2012 in terms of Clause 32 of the Listing Agreement with the Stock Exchanges is annexed hereto forming part of the Annual Report.

9. INSURANCE

Adequate insurance cover has been taken for all properties of the Company against fire, flood, earthquake, explosive and any such other risks as considered necessary.

10. INTERNAL CONTROL SYSTEMS

Your Company has a proper and adequate internal control system commensurate with its nature and size of business to ensure the timely and accurate recordings of financial transactions and adherence, in particular, to applicable Accounting Standards, safety of assets, optimum utilization, applicable laws, rules & regulations and Management policy. The Audit Committee meets periodically with the management and Internal Audit Team to examine and evaluate the adequacy and effectiveness of the internal control systems and takes necessary steps wherever found necessary, to further strengthen the internal control systems and procedures. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures are recommended for implementation.

11. FIXED DEPOSITS

Your Company has not invited any deposits from public/shareholders in accordance with Section 58A of the Companies Act, 1956.

12. DIRECTORS

Shri Bajrang Lal Dhoot, Director retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment in accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company. The Board recommends his re-appointment.

None of the Directors are disqualified from being appointed or holding office as Directors as stipulated under Section 274 (1) (g) of the Companies Act, 1956.



13. CORPORATE GOVERNANCE

The Company has complied with Corporate Governance Code as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

A separate Section on 'Corporate Governance' alongwith Certificate from Statutory Auditors confirming compliance with Clause 49 of the Listing Agreement is annexed hereto and forms a part of this Report.

14. CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs has issued the Corporate Governance – Voluntary Guidelines 2009 for voluntary adoption of a set of good practices by the Corporate Sector in addition to the existing laws for further improvement of Corporate Standards and practices, which is recommendatory in nature. The Management generally reviews the same from time to time to ensure the adherence of the same voluntarily in line with the requirements best suited to your Company gradually in phases.

15. MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is attached to and forms integral part of this report.

16. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief and on the basis of information and explanations obtained by them from the operating management, state and confirm that: –

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever, applicable;
- (ii) The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for the year under review ;
- (iii) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- (iv) The attached Annual accounts for the financial year ended 31st March, 2012 have been prepared on a 'going concern' basis.

17. AUDITORS

M/s Pipara & Company, Chartered Accountants, (ICAI registration No.107929W), retire as Statutory Auditors of the Company at the forthcoming Annual General Meeting and have expressed their eligibility and willingness to accept the office of Statutory Auditors, if appointed.

A Certificate from the Auditors has been received, to the effect that their re-appointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Members are requested to consider their re-appointment for the financial year ending 31st March, 2013, in the remuneration to be decided by the Board.

18. AUDITORS' REPORT

The Auditors' Report is unqualified. With regard to the Auditors observations in their Report, the Board wishes to state that Note nos. 13, 13.1 and 13.2 appearing in the Notes on Accounts and referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments and explanations under Section 217 of the Companies Act, 1956.

19. INDUSTRIAL RELATIONS

Relations with the staff and labour remained peaceful and cordial.

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20. COST AUDITORS

In accordance with the directives of the Central Government under the provisions of Section 233 (B) of the Companies Act, 1956, M/s. N. D. Birla & Co., have been appointed as Cost Auditors of the Company to conduct an audit of Cost Accounting records of the Company for the current year ending 31st March, 2013 subject to approval from Government of India, Ministry of Corporate Affairs, Cost Audit Branch.

21. DEPOSITORY SYSTEMS

It is mandatory that the Shares of the Company are traded in electronic form. The Company has entered into Agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

22. PARTICULARS OF EMPLOYEES

During the year under review, the Company has no employee, who qualifies for disclosures in so far as to remuneration drawn pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

23. ADDITIONAL INFORMATION

The Company is primarily engaged in the business of manufacturing and sale of cotton yarn, polyester blended yarn, Denim (Indigo dyed) fabrics, shirtings and garments.

The Disclosures of particulars under Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as amended from time to time relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo respectively is attached hereto and forms part of this Report.

24. ACKNOWLEDGEMENT

Your Directors thank all the shareholders, all employees of the Company, customers, suppliers, Government Authorities, Financial Institutions and bankers for their continued support.

You Directors look forward to their continued support in future.

On behalf of the Board

Place : Ahmedabad
Date : 1st August, 2012

(S. K. SOMANY)
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT****Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988****A. CONSERVATION OF ENERGY**

- a) Energy Conservation measures taken:
- Installation of 3 nos. Standard Efficiency Motors of 30 HP in place of old designed / low efficiency Motors of Spinning Humidification Plant, resulted in Saving of Power as well as reduced downtime.
 - Installation of AC Variable Frequency Drive in Raw Water Supply Pump along with Pressure Transducer resulted in Saving of Power as well as consistent required Pressure.
 - Utilization of drains, hot water of Drying Range Cooling Cylinders of Continuous Bleaching Range & E-Control machines resulting in a large quantity of soft Water as well as Saving of Steam.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- The Company continues to focus on its efforts for further improvement in energy saving in the coming years.
- c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- The above measures of energy conservation have resulted in savings of power & fuel during the year under review.
- d) Total energy consumption and energy consumption per unit of production:
- As per prescribe Form A:

FORM-A**Form of disclosure with respect to Conservation of Energy****A. POWER & FUEL CONSUMPTION**

	<u>Current Year</u>	<u>Previous Year</u>
1. a. Purchased		
Unit (in thousands KWH)	38,909	52,149
Total Amount (₹ in lakhs)	2,290.40	2,812.56
Rate / Unit (₹)	5.89	5.39
b. Own Generation		
- Through Diesel / FO Generator Unit (in thousands KWH)	—	—
- Unit per ltr. of Diesel	—	—
- Cost/Unit (₹)	—	—
- Through Steam Turbine /Generator	—	—
2. Coal-Lignite (Specify Quality & where used)		
Quantity (Tons)	14,988	15,798
Total Cost (₹ in lakhs)	584.64	590.19
Average rate per ton (₹)	3,900.73	3,735.96
3. Furnace Oil		
Quantity (KL)	—	—
Total Cost (₹ in lakhs)	—	—
Average rate per ltr. (₹)	—	—
4. Light Diesel Oil / High Speed Diesel		
Quantity (KL)	—	—
Total Cost (₹ in lakhs)	—	—
Average rate per ltr. (₹)	—	—
5. CNG		
Quantity (SCM in thousands)	381	415
Total Cost (₹ in lakhs)	138.67	91.68
Average rate per SCM (₹)	36.37	22.07
6. Others /Internal Generation	N.A.	N.A.

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B. CONSUMPTION PER UNIT OF PRODUCTION

Products

Standard

Cotton, man-made & blended Fabrics, Yarn, Jeans, Trousers & Shirts

There is no prescribed standard. It is not possible to work out such details from the records maintained by the Company in accordance with the Companies Act, 1956 in view of the different types of the products and varied processes.

FORM B

Disclosure of particulars with respect to absorption

A. RESEARCH & DEVELOPMENT (R&D)

Research and Development activities are carried out to improve the product quality and with the aim of developing products which are superior in performance and competitive in cost. These efforts are ongoing and efforts are given on innovations.

1. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY

- ◆ Introduction of new processing routes to improve the production efficiency with quality and reduction in cost.
- ◆ Introduction of new finishes like water repellent, stain resistant, easy care etc finishes.
- ◆ Introduction of coating range which enhance the feel and look of the fabric by altering the various chemical combination. This will be an important sales tool in coming future as it gives higher realization than conventional fabrics.
- ◆ Seasonal collections to various domestic as well international markets in order to continue with the old buyers and exploring new as well.
- ◆ Introduction of sulphur coating and sulphur tinting which is new concept for denim industry.

2. BENEFITS DERIVED AS A RESULT OF R&D

- ◆ Product basket with some new concept attracts new buyers and value addition to fabric.
- ◆ Meeting the requirement of international customers and getting regular export orders from the reputed international buyer.
- ◆ Improved production efficiency, with consistency in quality products and better product mix.

3. FUTURE PLAN OF ACTION

- ◆ To reduce the time of presenting new fabric to existing as well as new buyer.
- ◆ To focus on niche segment of specialized fabrics.
- ◆ To further refine technology at all the stages to match global requirements and end customer satisfaction.
- ◆ To concentrate for the developments of specialized coating and finishes for further penetration in domestic as well as international market to get better and higher value of the product in order to increase the average sales price.
- ◆ To participate in some of the international fairs to present our product range in order to cater the untouched market.

4. EXPENDITURE INCURRED ON R&D

	2011-12	2010-11
a) Capital	—	—
b) Recurring	82.32	71.82
c) Total	82.32	71.82
d) Total R&D Expenditure as percentage of Revenue from Operations	0.30	0.26

(₹ in lacs)

B. TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

- ◆ Installed 2 No's SE 11, ACO 312 Autocoro for denim.

C. FOREIGN EXCHANGE EARNING & OUTGO

Used ₹ 395 lacs (Previous Year ₹ 583 lacs), Earned ₹ 1,939 lacs (Previous Year ₹ 3,219 lacs).

On behalf of the Board

Place : Ahmedabad
Date : 1st August, 2012

(S. K. SOMANY)
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS**1. INDUSTRY STRUCTURE**

Indian Textile Industry is one of the leading textile industries in the world. Though was predominantly un-organized industry even a few years back, but the scenario started changing after the economic liberalization of the Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world.

The Indian Textile Industry largely depends upon the textile manufacturing and exports. It also plays a major role in the economy of the country. India earns about 27% of its total foreign exchange through textile exports. Further, the textile industry contributes nearly 14% of the total industrial production and around 3% of the GDP of the country. The Indian textile industry is also the largest in the country in terms of the employment generation. It not only generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. Indian textile industry currently generates employment for more than 35 million people.

Opportunities

In the domestic market, the demand and consumption of denim has been growing consistently during the last few years and there still remains a huge potential to be tapped. Due to huge semi-urban and rural population which makes it evident that the domestic market will consume most of the denim being produced in the country.

The Company has already started the Denim expansion program so as to increase its denim manufacturing capacity from 14 mmpa to 23 mmpa.

Besides this Government of India, has also introduced the export incentive schemes to increase the Indian share in global trade of textile and clothing.

Raw material resources, entrepreneurial skills are also the main key strengths of the Indian textile Industry.

Challenges

The Textile sector is hampered by shortage of trained and specialized human capital. Besides this the high volatile raw material prices, foreign exchange fluctuation, higher interest cost, labour cost and power cost are some of the major challenges the textile industry is facing.

2. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Company continued to have cordial and harmonious relations with its employees. It considers manpower as its asset and that people had been the driving force for growth and expansion of the Company.

3. INFORMATION TECHNOLOGY

Taking into consideration different requirements in different business verticals, the Company has implemented different ERP accordingly. Information Technology System is widely utilized in almost all areas of the organization & business fetching maximum advantage out of it. The system improves overall productivity & helps tremendously in analysis, decision making and better planning.

Information Technology solutions are highly utilized in managing & monitoring the manufacturing & processing of our products. Machines being used these days are well equipped with these technologies, gives tremendous benefit with the productivity & quality. IT is very well into implementing, managing & supporting this.

4. CAUTIONARY STATEMENT

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company firmly believes in the principal of good Corporate Governance and is committed in adopting the best global practice of Corporate Governance. The Company fully realises the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance, to its shareholders.

The Company continues to commit itself to maintain the standards of integrity, transparency, accountability and equity in all facets of its operations and all its interactions with its stakeholders including the shareholders, employees and government. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholders value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

2. BOARD OF DIRECTORS

(a) Composition of the Board :

As on 31st March, 2012 the Company's Board of Directors comprised of a judicious mix of Six (6) Directors consisting of Four (4) Non-Executive Directors (including the Chairman who is Non-Executive Promoter Director) and Two (2) Executive Directors of whom one is Managing Director and the other one is Whole-time Director, of this Three (3) Directors are Independent constituting half of the Boards total strength of Six (6), which is in conformity with the stipulation laid on the code of Corporate Governance recommended by Securities & Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of Stock Exchanges in India, which stipulates for at least one-half of the Board of the Company should consist of independent directors, where the non-executive Chairman is a promoter or is related to promoters or persons occupying management positions at the board level or at one level below the board. The Company's Board is thus managed and guided by an appropriate mix of Executive and Non-Executive Directors, which ensures independent judgments in its deliberations and decisions. All the Non-Executive Directors are eminent persons armed with professional expertise and experience except Shri S. K. Somany, who is an Industrialist. The maximum gap between any two meetings of the Board was less than four months which is in conformity with the requirement of Clause 49 of the Listing Agreements entered into with the Stock Exchange(s) where the Company's Shares/Securities are listed. The Composition of the Board of Directors are as follows:-

Name of Director	Designation	Category of Directorship	No. of other Directorship held other than STIL (*)	No. of Membership/ Chairmanship on other Board Committees other than STIL (**)
Shri S. K. Somany	Chairman	Promoter Non-Executive Non Independent	5	4 (including 3 as Chairman)
Shri A. K. Somany	Managing Director	Promoter Executive Non Independent	1	Nil
Shri Shrikant Bhat	Executive Director	Executive Non Independent	1	Nil
Shri B .K. Hurkat	Director	Non-Executive Independent	Nil	Nil
Shri B. L. Dhoot	Director	Non-Executive Independent	Nil	Nil
Shri Anoop Sharma	Director (Nominee of IDBI)	Non-Executive Independent	Nil	Nil

(*) Exclude Directorship in Private Limited Companies, Memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

(**) Only the two committees viz. the Audit Committee and the Shareholders'/ Investors' Grievance Committee have been considered for this purpose, in terms of Clause 49 of the Listing Agreement.

As mandated by Clause 49 of the Listing Agreement, the Company declares that none of the Directors of Company are member of more than 10 Board level Committees nor are they Chairman of more than 5 Board Committees of which they are members across all Companies in which they are Directors as per the declarations received from them.



No Director is related to any other Director on the Board in terms of provisions of Companies Act, 1956, except for Shri S. K. Somany, the Chairman and Shri A. K. Somany, the Managing Director of the Company who are related to each other. Shri S. K. Somany is the father of Shri A. K. Somany.

(b) Board Meetings and Annual General Meeting :

During the financial year 2011-12, Four (4) Board Meetings were held on 18th May, 2011, 12th August, 2011, 12th November, 2011, and 10th February, 2012. The last, 73rd Annual General Meeting held on 2nd September, 2011. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows:

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Shri S. K. Somany	3	Yes
Shri A. K. Somany	4	No
Shri Shrikant Bhat	3	No
Shri B. L. Dhoot	4	Yes
Shri B. K. Hurkat	4	No
Shri Anoop Sharma	4	No

(c) Details of shares and convertible instruments held by Non-Executive Directors as on 31st March, 2012:

As on 31st March, 2012, Shri S. K. Somany and Shri B. K. Hurkat, Non-Executive Directors of the Company held shares of the Company as disclosed hereunder. The Company does not have any convertible instruments and Employees Stock Option under the Scheme as at 31st March, 2012.

Name of Non-Executive Director	No. of Shares held	% of total share capital
Shri S. K. Somany	30,68,274	9.288
Shri B. K. Hurkat	888	0.003

(d) Code of Conduct

The Board has adopted a Code of Conduct for its Board Members and Senior Management Personnel, and has posted it on the website of the Company in terms of Clause 49(D)(I) of the Listing Agreement. The Company has obtained the confirmation of the compliance with the Code from all its Board Members and Senior Management Personnel for the year under review. The Managing Director in terms of Clause 49(D)(II) affirms the compliance with the Code of Conduct by the Board Members and Senior Management for the year under review. The Code of Conduct is available on the Company's website www.somatextiles.com. A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

(e) Information about Directors Seeking Appointment / Re-appointment at the ensuing Annual General Meeting as required under Clause 49(IV)(G) of the Listing Agreement :-

Shri B. L. Dhoot (Shri Dhoot), Director of the Company retires by rotation at the ensuing 74th Annual General Meeting of the Company and is eligible for re-appointment.

The brief profile of Shri Dhoot and his other relevant particulars are furnished in the Notice convening the 74th Annual General Meeting of the Company to be held on Wednesday, the 19th September, 2012.

3. BOARD COMMITTEES

The Company has constituted Board level Committees to delegate particulars matters that require greater and more focused attention in the affairs of the Company. All the decisions pertaining to the constitution of Committees are taken by the Board of Directors of the Company.

As on 31st March, 2012, the Company has five (5) Board level Committees namely the Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee, Share Transfer Committee and the Executive Committee.

A) AUDIT COMMITTEE

The Board had, at its meeting held on 25th January, 2001, constituted the Audit Committee in compliance with the requirement under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The present terms of reference of the Audit Committee includes the powers as laid out in Clause 49(II)(C) and role as stipulated in Clause 49(II)(D) of the Listing Agreement with the Stock Exchange.

The role, powers and terms of reference of this Committee also covers the areas as contemplated under Section 292A of the Companies Act, 1956 and the Committee also complies with the relevant provisions of the Companies Act, 1956.

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a) Terms of reference

The terms of reference of this committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292(2A) of the Companies Act, 1956.

The gist of the terms of reference as stipulated by the Board to the Audit Committee is given hereunder :-

To oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, to recommend to the Board, the appointment or re-appointment of Statutory Auditors and fixation of the audit fee and approval of payment for any other services, to review and discuss with the auditors about adequacy and effectiveness of internal audit functions and internal control systems, scope of audit including observations of the auditors, major accounting policies & practices, adopting accounting standards and complying various requirement concerning financial statements, to review with the management Company's quarterly and annual financial statements before submission to the Board, to review with the management performance of statutory and internal auditors, to discuss with internal auditors on any significant findings and follow up thereon including reviewing the findings of internal investigation, if any, to discuss with statutory auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and to review any other areas which may be specified as a role of audit committee under amendments, if any, from time to time to the Listing Agreement, Companies Act, and other Statutes.

The Company generally considers and reviews all items listed in Clause 49(II)(D) of the Listing Agreement. The Committee mandatorily reviews information as per the requirement of Clause 49(II)(E) of the Listing Agreement and such other matters as considered appropriate by it or referred to it by Board.

b) Composition

As on 31st March, 2012, the Audit Committee consisted of 4(Four) members, of this, 3 (Three) Non-Executive Independent Directors and 1 (One) Non-Executive Promoter Director were members of the Committee. Thus the composition of the Committee consisted of majority of Non-Executive and Independent Directors is in conformity with requirements of Clause 49(II)(A) of the Listing Agreement. The Committee was chaired by Shri B. L. Dhoot, the Non-Executive Independent Director, who was appointed Chairman of the Committee in place of Shri B K Hurkat, effective from 12th August, 2011. All the Members of the Audit Committee are financially literate including the Chairman of the Audit Committee who has financial management expertise. The Managing Director and Head of finance & accounts are permanent invitees of the Committee Meetings. The Statutory Auditors, Cost Auditors and Internal Auditors are also invited to the Committee Meetings. Shri B. L. Dhoot was present at 73rd Annual General Meeting of the Company held on 2nd September, 2011 to attend and reply to the shareholders queries. Shri R. S. Sharma, Company Secretary acts as Secretary to the Committee.

c) Meetings

During the financial year 2011-12, four (4) Audit Committee meetings were held on 18th May, 2011, 12th August, 2011, 12th November, 2011, and 10th February, 2012. The maximum gap between any two meetings was less than four months. The Minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Composition of the Audit Committee and attendance of each directors are given below:-

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri B. L. Dhoot	Non-Executive Director – Independent	Chairman	4
Shri S. K. Somany	Non-Executive Director – Promoter	Member	3
Shri B. K. Hurkat	Non-Executive Director – Independent	Member	4
Shri Anoop Sharma	Non-Executive Director – Independent	Member	4

B) REMUNERATION COMMITTEE

The Board of Directors of the Company had, at its meeting held on 31st January, 2002, constituted the Remuneration Committee in conformity with and keeping a good balancing with the requirements under Schedule XIII to the Companies Act, 1956 and Clause 49 of the Listing Agreements to determine and review the remuneration package of Managing/Whole-time/Executive Directors and to deal with other matters related to Managerial Remuneration.

**a) Terms of reference**

Gist of terms of reference of the Remuneration Committee is as follows:-

- Review and recommend to the Board the remuneration of Managing/Whole-time/Executive directors, including periodic revision of remuneration.
- Review and recommend to the Board annual increments of Managing/Whole-time/Executive directors based on performance.
- Review and advise the Board over the remuneration policy followed by the Company generally.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

b) Composition

As on 31st March 2012, the Remuneration Committee consisted of 4 (Four) Non-Executive Directors, three of whom, including the Chairman Shri B. K. Hurkat, Shri B. L. Dhoot and Shri Anoop Sharma were Independent Non-Executive Directors and Shri S. K. Somany, was the Non-Executive Chairman & Promotor Director of the Company. Shri R. S. Sharma, Company Secretary acts as Secretary to the Remuneration Committee. During the year under review the Committee met once on 18th May, 2011 to review and recommend annual increments to the Whole-time directors. All the members attended the said Meeting.

c) Remuneration Policy

Within the overall limits fixed by the Shareholders in General Meeting the Board decides the remuneration payable to Whole-time/Managing/Executive Directors. Remuneration of Whole-time/Managing/Executive Directors largely consists of base remuneration, perquisites, gratuity, bonus and other allowances. The remuneration packages are governed by industry pattern and guidelines. The Non-Executive Directors are entitled to sitting fee for attending the meetings of the Board and Commission in case of adequacy of profits under the provisions of the Companies Act, 1956.

The details of Remuneration paid / payable during the year to Directors are as under :-

Name of Director	Basic Salary & Allowances	Perquisites	Contribution to Provident Fund	Sitting Fees	Total
Shri S. K. Somany	—	—	—	7,500	7500
Shri A. K. Somany	2,220,000	—	216,000	—	2,436,000
Shri Shrikant Bhat	1,094,580	605,896	119,257	—	1,819,733
Shri B. K. Hurkat	—	—	—	10,000	10,000
Shri B. L. Dhoot	—	—	—	10,000	10,000
Shri Anoop Sharma	—	—	—	10,000	10,000

(In ₹)

Besides the above, no other pecuniary relationship or transactions vis-a-vis the Company exists with the Non-Executive Directors. Shri A. K. Somany and Shri Shrikant Bhat, Executive Directors of the Company are not entitled to any sitting fees.

The appointment of Shri A. K. Somany, Managing Director is contractual for a period of 3(Three) years commencing from 22nd January, 2011. The service of Shri A. K. Somany may be terminated by giving 6(Six) months notice or alternatively 6(Six) months' salary in lieu of such notice period. No stock option was issued to Shri Somany.

The appointment of Shri Shrikant Bhat, Executive Director is contractual for a period of 5(Five) years commencing from 18th January, 2008. The service of Shri Shrikant Bhat may be terminated by giving 2(Two) months notice or alternatively 2(Two) months' salary in lieu of such notice period. No stock option was issued to Shri Bhat.

There is no separate provision for payment of Severance fee to the Managing and Executive Directors of the Company in their Service Agreement entered into by the Company with them. Except gratuity, earned leave at the end of tenure and notice period as stated above no other severance fee is paid/or payable to such Directors.

C) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company had, at its meeting held on 28th June, 2001, constituted the Shareholders' / Investors' Grievance Committee, in terms of Clause 49 of the Listing Agreement.

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The Company attaches highest importance to the Investor relations. The Board of Directors of the Company have constituted the Shareholders'/Investors' Grievance Committee to focus on the prompt and effective redressal of the shareholders complaints and grievances and strengthening of the Investor relations.

a) Terms of reference

The committee acts in accordance with the terms of reference specified by the Board from time to time as per the guidelines set out in the Listing Agreement of the Stock Exchanges, which inter-alia include overseeing and reviewing all matters connected with investors' complaints and redressal mechanism as per applicable statutory and regulatory provisions.

The gist of terms of reference is as under :-

- Redressing complaints and grievances of shareholders pertaining to transfer of shares, non receipt of annual reports, non receipt of dividends declared, dematerialisation/rematerialisation of shares etc.
- Overseeing the performance of Registrar and Share Transfer Agents.
- Reviewing all matters connected with Servicing of Investors.
- Recommending measures for overall quality improvement for Investors Services.

b) Composition

As on 31.03.2012, the Shareholders'/Investors' Grievance Committee comprised of 4 (Four) members, of this, 2 (Two) members are Non-Executive Independent Directors, 1 (One) is Non-Executive Non-Independent Promoter Director who is Chairman of the Committee and 1 (One) is Executive Non-Independent Promoter Director. The Committee met four times during the year on 30th June, 2011, 17th September, 2011, 28th December, 2011 and 31st March, 2012. The attendance of members was as follows:

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri S. K. Somany	Non-Executive Non-Independent Promoter Director	Chairman	2
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	3
Shri B. K. Hurkat	Non-Executive Independent Director	Member	4
Shri B. L. Dhoot	Non-Executive Independent Director	Member	Nil

The Company has designated the E-mail ID: investors@somatextiles.com exclusively for the purpose of registering complaints by investors electronically in terms of the requirement of Listing Agreement. This E-mail ID is displayed on the Company's Website, i.e. : www.somatextiles.com

Shri R. S. Sharma, Company Secretary, is the Compliance Officer of the Company. During the year under review, the Company had not received any complaint from shareholders.

D) SHARE TRANSFER COMMITTEE

Share Transfer Committee of Directors was constituted by the Board of Directors at the meeting of the Board held on 27th May, 1999. The Board has delegated the powers of share transfer, transmission and transposition to the Committee comprising of Executive and Non-executive Directors. The Committee attends the share transfer formalities once a month. The business transacted at the meeting is placed before the Board regularly.

a) Terms of reference

Terms of Reference of the Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges in India and pursuant to the provisions of the Articles of Association of the Company. The Committee has been delegated authority and power to administer share transfer activities, formalities and mechanism.

Gist of terms of reference

- To approve and effect transfer of shares.
- To approve transmission of shares.
- To approve transposition of names.
- To issue duplicate share certificates, as and when, required and also to issue certificates in respect thereof under the Common Seal of the Company.
- To confirm demat/remat requests.
- To do all such acts and deed as may be necessary and/or incidental to the above.

**b) Composition**

As on 31st March, 2012 the Share Transfer Committee comprised of one Non-Executive Non-Independent Promoter Director as Chairman, Two Non-Executive Independent Directors and One Executive Non-Independent Promoter Director as members of the Committee. During the year, the Committee had 13 (Thirteen) Meetings for approval of transfer of shares lodged with the Company and the attendance of members was as under:-

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri S. K. Somany	Non-Executive Non-Independent Promoter Director	Chairman	2
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	12
Shri B. K. Hurkat	Non-Executive Independent Director	Member	13
Shri B. L. Dhoot	Non-Executive Independent Director	Member	Nil

There were no valid share transfers pending for registration for more than 30 days as on 31.03.2012.

E) EXECUTIVE COMMITTEE**a) Terms of reference**

The Board, had at its Meeting held on 31st October, 2007, constituted an Executive Committee of Directors as required by sub-clause II(b) of Clause 41 of the Listing Agreement. The Committee meets as and when necessary to consider and approve Quarterly Financial Results of the Company under sub-clause (1) of Clause 41 of the Revised Listing Agreement, in the event the results are not considered at the Meeting of the Board of Directors and to consider and approve Limited Review Report of the Statutory Auditors of the Company, if any, in regard to Limited Review carried out by the Statutory Auditors relating to the quarterly financial results and to consider all such other matters and businesses as may be delegated by the Board from time to time.

b) Composition

As on 31st March, 2012, the Committee comprised of 3(Three) Directors namely Shri A. K. Somany (Managing Director) who is Non-Independent and Chairman of the Committee, Shri B. K. Hurkat and Shri B. L. Dhoot, the Independent Directors. Any two Directors, comprising of Managing Director shall form the quorum of the Meeting. There was no occasion to convene meeting of the Executive Committee during the year ended 31st March, 2012 to consider and review the Limited Review Report of the Statutory Auditors of the Company. As of date, the Committee stands dissolved because of the reasons that the purpose of the Committee has become redundant in view of changes in the provision of Clause 41 of the Listing Agreement

4. SUBSIDIARY COMPANY

The Company does not have any wholly owned subsidiary or subsidiary.

5. GENERAL BODY MEETINGS**(i) Details of last three Annual General Meetings held:-**

Financial Year	AGM	Date	Time	Location
2010-11	73rd	02.09.2011	2.30 P.M.	Jhaharia Committee Room of Merchants' Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata - 700 001.
2009-10	72nd	13.09.2010	2-00 P.M.	-same as above-
2008-09	71st	24.08.2009	2-30 P.M.	-same as above-

(ii) Special Resolution passed in the previous three AGMs:-**In the AGM held on Subject matter of the resolution**

2nd September, 2011 Fixation of maximum limit or ceiling for managerial remuneration payable to Managing Director and Executive Director and increase in their remuneration within the overall limits prescribed in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Act.

13th September, 2010 The appointment of Shri A. K. Somany as Managing Director for 3 (Three) years from 22nd January, 2011.

24th August, 2009 None.

No Special Resolution was passed through Postal Ballot during the financial year ended on 31st March, 2012 and no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM.

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6. DISCLOSURES

(i) Related Party Transactions

During the year there are no transactions of material nature with the directors or the management or their relatives which may have potential conflict with the interest of the Company at large. Transaction with related parties in normal course of business were placed before the Audit Committee. Details of related parties transactions have been disclosed in the Notes to the Accounts, in the Financial Statements of the Company as at 31st March, 2012.

(ii) Compliance

There were no instances of non-compliance on any matter related to the capital markets, during the last three years. No penalties, fines or strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

(iii) Compliance with Mandatory/Non-Mandatory requirements of Clause 49 of the Listing Agreement

All the mandatory requirement have been appropriately complied with. The Company has not adopted any non-mandatory requirements of Corporate Governance given in Annexure 1D of Clause 49 of the Listing Agreement except relating to Remuneration Committee.

(iv) Risk Management

The Company has laid down the risk assessment and minimization procedures and it is reviewed by the Audit Committee periodically. Further the Company has adequate internal control system to identify the risk at appropriate time and to ensure that the executive management controls the risk through means of a properly defined framework.

(v) Whistle Blower Policy

The Company does not have any whistle blower policy as of now but no personnel is being denied any access to the Audit Committee.

(vi) Disclosure on Accounting Treatment

The financial statements have been prepared following the prescribed Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI) in case where a treatment different from that prescribed in Accounting Standard is followed the same has been appropriately disclosed and explained.

7. MEANS OF COMMUNICATION

- | | |
|--|--|
| (i) Quarterly Results | Quarterly Results after being reviewed by the Audit Committee are considered and approved by the Board of Directors and submitted to the Stock Exchanges as per Listing Agreements. |
| (ii) Newspaper wherein results normally published | Business Standard (English), Kolkata and Kalantar (Bengali), Kolkata. |
| (iii) Any Web Site, where displayed | The Company has its own website www.somatextiles.com where information about the Company is displayed and regularly updated. Shareholders/Investors can view the Company's Quarterly Un-audited and Annual Audited Financial Results on the Company's website. |
| (iv) Whether it also displays official News releases | No |
| (v) The representations made to Institutional Investors or to the Analysts | No |
| (vi) Management Discussion and Analysis Report | The Management Discussion and Analysis Report is a part of the Annual Report. |

8. GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting:

The 74th Annual General Meeting is proposed to be held on Wednesday, the 19th September, 2012 at 2:30 P.M. at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, Kolkata - 700 001.

(ii) Financial year :

First Quarterly results	2012-2013 (1st April to 31st March) Within 45 days of end of June quarter 2012
Second Quarterly Results	Within 45 days of end of September quarter 2012
Third Quarterly Results	Within 45 days of end of December quarter 2012
Audited Financial Results for the year ended 31.03.2013	Within 60 days of end of Financial Year March, 2013

**(iii) Date of Book Closure:**

Monday, the 10th September, 2012 to Wednesday, the 19th September, 2012 (both days inclusive).

(iv) Dividend Payment Date:

No dividend has been declared by the Company for the financial year 2011-12.

(v) Listing on Stock Exchanges

The Equity Shares of the Company are listed at the following Stock Exchanges:-

- (a) Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
- (b) National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

NOTE:

- (i) Listing fees have been paid to the Stock Exchanges for the year 2012-13.
- (ii) The Calcutta Stock Exchange Association Ltd., has vide its Letter No. CSEA/ID/223/2008 dated 16th April, 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

(vi) Stock Code

- (i) NSE - SOMATEX, (ii) BSE - 521034, (iii) CSE - 29067.
- De-mat ISIN Number in NSDL & CDSL – ISIN – INE 314C01013.

(vii) Market Price Data for each calendar month during the last financial year:

Months	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	9.55	7.35	9.30	7.40
May 2011	8.70	7.15	8.76	7.22
June 2011	8.70	5.90	8.95	6.85
July 2011	8.25	6.70	8.09	7.05
August 2011	7.45	5.60	7.20	5.80
September 2011	6.50	6.00	6.56	5.95
October 2011	6.45	3.85	6.42	3.92
November 2011	5.00	3.75	4.98	3.75
December 2011	4.90	3.90	4.75	3.60
January 2012	5.00	3.70	4.99	3.69
February 2012	5.50	4.60	5.58	4.60
March 2012	4.90	3.65	4.93	3.70

(viii) Market Price Data in comparison to the BSE index:

Months	BSE		BSE Index	
	High (₹)	Low (₹)	High	Low
April 2011	9.30	7.40	19811.14	18976.19
May 2011	8.76	7.22	19253.87	17786.13
June 2011	8.95	6.85	18873.99	17314.38
July 2011	8.09	7.05	19131.70	18131.86
August 2011	7.20	5.80	18440.07	15765.53
September 2011	6.56	5.95	17211.80	15801.01
October 2011	6.42	3.92	17908.13	15745.43
November 2011	4.98	3.75	17702.26	15478.69
December 2011	4.75	3.60	17003.71	15135.86
January 2012	4.99	3.69	17258.97	15358.02
February 2012	5.58	4.60	18253.78	17061.55
March 2012	4.93	3.70	18040.69	16920.61

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(ix) Registrar & Share Transfer Agent: (for Physical & Demat)

Sharepro Services (India) Pvt. Ltd.
Unit: Soma Textiles & Industries Limited
13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinaka, Andheri East, Mumbai-400 072
Phone No.: 022-67720300/67720400, Fax: 022-28591568 E-mail : sharepro@shareproservices.com

and/ or

Branch office at :

Devnandan Mega Mall, Office No. 416-420, 4th Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad-380 006
Phone No. : 079 – 26582381/82/83/84, Fax : 079 - 26582385 E-mail : sharepro.ahmedabad@shareproservices.com

(x) Share Transfer System

The Company has appointed a Common Registrar for the physical transfer and dematerialisation of shares. Presently the shares transfers which are received in physical form are processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee. Shares certificates are registered and returned within the stipulated time of 30 days from the date of receipt, subject to transfer instruments being valid and complete in all respects. Physical Shares recorded for dematerialisation are processed and completed within the stipulated time if the documents are complete in all respects.

The Company obtains from a Company Secretary in Practice, half yearly certificates of Compliance with the Share transfer facilities as required under Clause 47(C) of the Listing Agreement with the Stock Exchanges and files a copy of certificate with the Stock Exchanges.

(xi) Secretarial Audit for Reconciliation of Share Capital

A qualified Practicing Company Secretary carried out the Secretarial Audit pursuant to SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued/paid-up listed equity capital of the Company.

The Secretarial Audit Report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the dematerialisation form.

(xii) Permanent Account Number (PAN) for Transfer of Shares in Physical Form

SEBI vide its circular dated May 20, 2009, has stated that for securities market transactions and off market transactions involving transfer of shares in physical form of Listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company or Company's RTA for registration of such transfer of shares in physical form. Accordingly shareholders are requested to furnish copy of PAN Card to the Company or its RTA for registration of transfer of shares in their name.

(xiii) Distribution of shareholding:

(a) The shareholding distribution of equity shares as at 31st March,2012 is given below:

No. of Equity Shares		Shareholders		Shareholding	
From	To	Number	% of total	Number	% of total
1	500	9,075	77.63	1,799,258	5.45
501	1000	1,219	10.43	1,070,449	3.24
1001	2000	595	5.09	971,944	2.94
2001	3000	259	2.22	675,345	2.04
3001	4000	101	0.86	366,535	1.11
4001	5000	116	0.99	560,154	1.70
5001	10000	172	1.47	1,284,897	3.89
10001	Above	153	1.31	26,304,418	79.63
Total		11,690	100.00	33,033,000	100.00

**(b) Shareholding pattern as at 31st March, 2012**

Category	No. of shares held	% shares holding
Promoters	14,657,241	44.37%
Resident Individuals	9,345,740	28.29%
Private Corporate Bodies	2,353,862	7.13%
Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds	12,344	0.04%
OCBs and NRIs	56,813	0.17%
Foreign Institutional Investors	6,607,000	20.00%
Total	33,033,000	100.00%

(xiv) Dematerialisation of Equity Shares

About 98% of total Paid-up Equity Share Capital is held in dematerialised form with NSDL and CDSL.

(xv) Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and any likely impact on the equity

As on 31st March, 2012, the Company had no outstanding GDRs/ADRs/Warrants or any convertible instruments.

(xvi) Plant Locations

- (1) Rakhial Road, Ahmedabad – 380 023
- (2) Plot No. D-49, MIDC, Baramati, Pune – 413 102

(xvii) Address for Investors' correspondence

Soma Textiles & Industries Limited,
Rakhial Road, Ahmedabad – 380 023
Phone: 079-22743285 Fax: 079-22745653 E-Mail id: investors@somatextiles.com

DECLARATION OF CODE OF CONDUCT

To
The Members of
Soma Textiles & Industries Limited

Sub : Declaration by the Managing Director (CEO) under Clause 49(I)(D)(ii) of the Listing Agreement.

I, Arvind Kumar Somany, Managing Director of Soma Textiles & Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

Place : Ahmedabad
Date : 30th April, 2012

(Arvind Kumar Somany)
Managing Director (CEO)

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members of,
Soma Textiles & Industries Limited

We have examined the compliance of conditions of corporate governance by M/s. Soma Textiles & Industries Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the abovementioned listing agreement.

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

For PIPARA & COMPANY
Chartered Accountants
Firm Registration No. 107929W

Place : Ahmedabad
Date : 1st August, 2012

GYAN PIPARA
(Partner)
Membership No.034289

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AUDITORS' REPORT

The Members of
SOMA TEXTILES & INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **SOMA TEXTILES & INDUSTRIES LIMITED**, as at **31st March, 2012** and also the Profit and Loss Statement and 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 these financial statements based on our audit.

We have conducted our auditing & assurance procedures in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit procedures to obtain reasonable assurance if the financial statements are free from material misstatements. 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.

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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 and proper reports adequate for the purposes of our audit have been received from the branch not audited by us. **The financial records of Baramati branch of the Company have been audited by M/S Shankarlal Jain & Associates, Chartered Accountants, Mumbai, (Firm Registration No. 109901W) a copy of whose report has been forwarded to us.** We have relied on that report and have appropriately dealt with the same in our report;
- (iii) The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited reports from the branch;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Statement 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956;
- (vi) Without qualifying our opinion, we draw attention to Note No. 13, 13.1 and 13.2 regarding loan amount of ₹ 8021.18 lakhs given to Soma Textile FZC out of GDR proceeds, being long term loan which has been termed by the Company as quasi-equity as when the loan was given, the said Company was a wholly owned subsidiary. However, with effect from 31st March, 2010, upon dilution of the Company's holding to 40% from 100% of the paid up Capital of the said subsidiary, the said Company has become an associate of the Company. However, the loan amount as shown in the long term "Loans & Advances" has been considered as good, relying on the statutory auditor report of Soma Textile FZC conducted by the independent Auditor viz AL SAIF AUDITING & ACCOUNTANTS, Sharjah, U.A.E. (as per the audited accounts as on 31st March 2012) though the accumulated loss incurred by the said Soma Textile FZC as on 31st March 2012 is AED 6,56,046 as against Total Capital of AED 9,00,000 (including Statutory Reserves).
- (vii) In our opinion and to the best of our information and according to the explanations given to us, accounts read together with the 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, 2012;
 - (b) In the case of the Profit and Loss Statement, of the **LOSS** 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 that date.

For PIPARA & COMPANY
Chartered Accountants
Firm Registration No. 107929W

GYAN PIPARA
(Partner)

Membership No.034289

Place : Ahmedabad
Date : 24th May, 2012

**Annexure referred to in paragraph 3 of our report of even date to the members of SOMA TEXTILES & INDUSTRIES LIMITED on the accounts for the year ended on 31st March 2012.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. In accordance with this programme, the management has verified fixed assets during the year and no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year and the "Going Concern" status of the Company is not affected.
- (ii) (a) The management conducts regular physical verification of inventory at reasonable intervals commensurate and adequate to the size of its operations.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Some immaterial discrepancies were noticed on physical verification which have been properly dealt with in the books of account.
- (iii) (a) The Company has granted interest free loan (quasi-equity) to its Associate, Soma Textile FZC. Total amount outstanding on 31st March 2012 was ₹ 8021.18 lakhs.
- (b) There are no terms and conditions set out by the Company as on date for the loans given to Soma Textile FZC and therefore, we are unable to comment on terms and conditions of the said loan.
- (c) As there is no stipulation made for repayment of loan by Associate, we are unable to report on regularity of receipt of principal amount.
- (d) As there is no stipulation of repayment of loan by Associate, we are unable to report on overdue amount.
- (e) According to the information and explanations given to us the Company has taken unsecured loans from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and the same are as under.

	(₹ In lakhs)
No. of Parties involved	Three Parties
Opening Balance	355
Loan Taken	145
Balance Outstanding at the end of year	500

- (f) Interest free unsecured loan has been taken from promoters to fulfill stipulation of Financial Institution so there is no rate of interest specified. Terms and conditions of loans taken are prima facie not prejudicial to the interest of the Company;
- (g) No stipulation has been specified for the repayment of these loan.
- (iv) 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 and fixed assets and for the sale of goods and service.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and as explained to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956 and exceeding value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Therefore the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder or any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal do not apply to Company.
- (vii) In our opinion and according to information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) In our opinion, prima facie the Company has maintained proper cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, we are of the opinion that the Company is generally regular in depositing undisputed statutory dues

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including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. At the end of the year, there were no undisputed dues payable for a period of more than six months from the date they became payable.

- (b) **As on 31st March 2012, according to records of the Company, some statutory dues were disputed and not deposited as given below:**

Name of Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which its relates	Forum where dispute is pending
Central Excise Act, 1944	Recovery of CENVAT	1.59	2004-05	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.
Central Excise Act, 1944	Recovery of additional TTA duty of Yarn captively consumed	24.85	2002-03	The Dy. Commissioner of C. Excise, Div-III, Ahmedabad.
Central Excise Act, 1944	Refund claim for amount short received against refund claim of yarn duty after adjusting the old recovery	0.98	2005-06	Commissioner of Central Excise, (Appeals), Ahmedabad
Central Excise Act, 1944	Demand for old duty	0.50	2008-09	CESAT, West Zone, Ahmedabad
The Income Tax Act-1961	Demand of Income Tax	9.77	A.Y. 2006-07	Asst. Commissioner of Income Tax, Cir.-8, Ahmedabad
The Income Tax Act-1961	Demand for Penalty U/s. 271(1)(C)	7.43	A.Y. 2008-09	Asst. Commissioner of Income Tax, Cir.-8, Ahmedabad
The Income Tax Act-1961	Demand for Penalty U/s. 271(1)(C)	17.42	A.Y. 2006-07	Commissioner of Income Tax (Appeal), Ahmedabad
The Income Tax Act-1961	Demand of Income Tax	14.55	A.Y. 2007-08	Commissioner of Income Tax (Appeal), Ahmedabad
Gujarat Sales Tax Act-1969	Additional Sales Tax	6.17	1997-98, 1998-99 & 2000-01	Gujarat Value Added Tax Tribunal

- (x) The Company has accumulated losses at the end of the financial year not exceeding 50% of its net worth.
- (xi) Company is under Corporate Debt Restructuring (CDR) package under scheme of RBI which was duly approved and implemented. Company has defaulted in repayment of Loans and interest at Note No 4.3 which is mentioned under head "Long term borrowing".
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly this clause does not apply.
- (xiii) The Company is not a chit fund / nidhi Company / mutual benefit fund or society which would be governed by any special statute. Accordingly this clause along with sub clauses does not apply.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly this clause does not apply.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly this clause does not apply.
- (xvi) The term loans were applied only for the purpose for which they were obtained.
- (xvii) In our opinion and according to explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year and accordingly this clause does not apply.
- (xix) The Company has not issued debentures during the year. Accordingly this clause does not apply.
- (xx) The Company has not raised any money from public issue during the financial year. Accordingly this clause does not apply.
- (xxi) In our opinion and according to explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For PIPARA & COMPANY
Chartered Accountants
Firm Registration No. 107929W

GYAN PIPARA
(Partner)

Membership No.034289

Place : Ahmedabad
Date : 24th May, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

(₹ in lakhs)

Particulars	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	3,322.75	3,322.75
(b) Reserves and surplus	2	3,425.01	4,171.10
Share application money pending allotment	3	975.00	975.00
Non-current liabilities			
(a) Long-term borrowings	4	9,129.99	10,638.99
(b) Other long term liabilities	5	1.44	1.44
(c) Long-term provisions	6	351.86	338.59
Current liabilities			
(a) Short-term borrowings	7	8,886.40	6,417.62
(b) Trade payables		1,553.38	3,705.05
(c) Other current liabilities	8	2,745.21	2,045.35
(d) Short-term provisions	9	74.40	76.71
TOTAL		<u>30,465.44</u>	<u>31,692.60</u>
ASSETS			
Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		10,938.79	12,249.21
(ii) Intangible assets		3.36	9.65
(iii) Capital work-in-progress		157.53	45.73
(iv) Intangible assets under development		22.15	20.78
(b) Non-current investments	11	34.42	34.42
(c) Deferred tax assets (net)	12	376.08	321.08
(d) Long-term loans and advances	13	8,316.42	7,364.84
(e) Other non-current assets	14	129.76	225.31
Current assets			
(a) Inventories	15	6,328.64	7,163.12
(b) Trade receivables	16	3,002.37	2,910.36
(c) Cash and cash equivalents	17	190.28	249.77
(d) Short-term loans and advances	18	177.31	239.38
(e) Other current assets	19	788.33	858.95
TOTAL		<u>30,465.44</u>	<u>31,692.60</u>
Notes on financial statements	1-37		

As per our report of even date
For **PIPARA & COMPANY**
CHARTERED ACCOUNTANTS
Firm Registration No. 107929W

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2012

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

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PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH,2012

(₹ in lakhs)

Particulars	Note	2011-12	2010-11
I. Revenue from operations (Gross)	20	26,851.27	27,851.67
Less: Excise Duty		(237.35)	(18.34)
		26,613.92	27,833.33
II. Other income	21	623.02	628.44
III. Total Revenue (I + II)		27,236.94	28,461.76
IV. Expenses:			
Cost of materials consumed	22	16,202.75	17,460.70
Purchases of Stock-in-Trade	23	—	104.10
Changes in inventories of finished goods and work-in-progress	24	438.09	(1,091.36)
Employee benefits expense	25	1,753.46	1,820.43
Finance costs	26	2,429.41	1,976.20
Depreciation	10	1,655.39	1,652.58
Other expenses	27	6,476.91	7,231.88
Total expenses		28,956.01	29,154.53
V. Profit/(Loss) before Prior Period, Exceptional Item and Tax		(1,719.07)	(692.77)
VI. Prior Period Items - (Expense)/Income	28	(28.10)	185.74
VII. Exceptional items - (Expense)/Income	29	960.30	(74.63)
VIII. Profit/(Loss) before tax		(786.87)	(581.66)
IX. Tax expense:			
Deferred tax		55.00	107.00
Tax in respect of earlier years		(14.22)	—
X. Profit/(Loss) for the period		(746.09)	(474.66)
XI. Earnings per equity share:			
(1) Basic	30	(2.26)	(1.44)
(2) Diluted	30	(2.26)	(1.44)
Notes on financial statements	1-37		

As per our report of even date
For **PIPARA & COMPANY**
CHARTERED ACCOUNTANTS
Firm Registration No. 107929W

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2012

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(Pursuant to the listing agreement with Stock Exchanges)

(₹ in lakhs)

	2012	2011
A Cash flow from operating activities:		
Profit/(Loss) before prior period items/exceptional items & tax	(1,719.07)	(692.77)
Adjustment for:		
- Depreciation	1,655.39	1,652.58
- Profit on sale of fixed assets	(72.17)	(0.34)
- Interest (Net)	2,429.41	1,976.20
	<u>4,012.63</u>	<u>3,628.44</u>
Operating profit/(Loss) before working capital changes	2,293.56	2,935.67
Adjustment for :		
- Trade receivables	(98.71)	(672.63)
- Other receivables	(720.59)	7.83
- Inventories	834.48	(965.30)
- Trade payables	(1,837.31)	637.47
- Miscellaneous expenditure written off	—	101.59
	<u>(1,822.13)</u>	<u>(891.04)</u>
Cash generated from operations	471.43	2,044.63
- Interest paid	(2,485.06)	(2,033.45)
- Direct Taxes paid	(14.22)	—
	<u>(2,499.28)</u>	<u>(2,033.45)</u>
Cash flow before prior period items/exceptional items	(2,027.85)	11.18
- Prior period items	(28.10)	185.74
- Exceptional items	960.30	(74.63)
Net Cash flow from operating activities	<u>(1,095.65)</u>	<u>122.29</u>
B Cash flow from investing activities :		
- Purchase of fixed assets	(769.06)	(580.11)
- Sale of fixed assets	389.38	203.07
- Interest received	57.33	63.76
Net cash from investing activities	<u>(322.35)</u>	<u>(313.28)</u>
C Cash flow from financing activities :		
- Total proceeds from borrowings (net of repayments)	1,294.03	(227.45)
- Unsecured loan from promoters	145.00	355.00
Net cash from financing activities	<u>1,439.03</u>	<u>127.55</u>
Net increase in cash and cash equivalents (A+B+C)	<u>21.03</u>	<u>(63.44)</u>
Cash and cash equivalent as on 01.04.2011 (opening balance)	31.26	94.70
Cash and cash equivalent as on 31.03.2012 (closing balance)	52.29	31.26

As per our report of even date
For **PIPARA & COMPANY**
CHARTERED ACCOUNTANTS
Firm Registration No. 107929W

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2012

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

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SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting :

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply with the provisions of Companies Act, 1956, generally accepted accounting principles in India and Companies (Accounting Standards) Rules 2006 as amended from time to time to the extent applicable.

2 Revenue recognition :

- (a) Sales including export sales and trading sales are recognised when goods are dispatched from the factory and are recorded at net of shortages, claims settled, discounts, rate differences and rebate allowed to customers.
- (b) Export Sales are booked on the rate prevailing on the date of transaction and the resultant gain or loss on realisation is accounted as "Foreign Exchange Rate Fluctuation" and is dealt in the Profit and Loss Statement.

3 A) Fixed assets :

- (a) Fixed Assets are stated at cost, net of accumulated depreciation. However, in the case of Baramati Unit, fixed assets are further reduced by the amount of Sales Tax refund due. All costs including financing costs till the commencement of commercial production related to the acquisition and installation of the respective assets have been capitalized.
- (b) Cost of leasehold land is not amortised over the period of lease, as the same is not applicable as per Accounting Standards 19(1)(c).
- (c) Amount incurred towards capital work-in-progress will be suitably apportioned to the respective Fixed Assets on commissioning of assets.
- (d) Assets, identified and evaluated technically as obsolete and held for disposal have been written off in relevant year and adjusted from profit on sale of fixed assets.
- (e) The 10% Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery has been deducted from the respective Fixed Assets.

B) Depreciation :

(a) Ahmedabad Unit :

Depreciation on fixed assets is charged on Straight Line Method (SLM) on prorata basis, except on the fixed assets purchased during the period 1st April, 1988 to 31st March, 2005 on which depreciation has been charged on Written Down Value Method on prorata basis.

(b) Baramati Unit :

Depreciation on fixed assets is charged on Straight Line Method (SLM) on pro-rata basis, by applying the rates as specified in Schedule XIV to the Companies Act, 1956. However, the Plant & Machinery have been considered as Continuous Process Plant based on technical assessment and the rate of depreciation has been applied accordingly.

4 Inventories :

Inventories of Raw Materials, Goods in Process, Stores & Spares and Finished Goods are stated at cost or net realisable value whichever is lower except saleable waste which is valued at contracted selling price. Goods in Transit are stated at cost. Cost comprises of cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost formulae used is 'First-in-First-out' (FIFO) or 'Weighted Average Cost', as applicable.

5 Investments :

Investments are classified as Long Term Investments and Current Investments. Long term investments are stated at Cost. Provision is made for diminution in the value of Long term Investments to recognise a decline, if any other than temporary in nature.

**6 Foreign exchange transaction :**

- (a) Foreign currency transactions are recorded at the exchange rates at the date of transaction.
- (b) Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Profit and Loss Statement.
- (c) Premium in respect of forward contracts is accounted over the period of the contract.
- (d) Forward Exchange contracts entered for trading purposes are valued and marked to its current market value and the resultant gain or loss is dealt with in Profit and Loss Statement.
- (e) All foreign currency loans outstanding at the close of the balance period are expressed in Indian currency at the exchange rate prevailing on the date of Balance Sheet.
- (f) Foreign exchange rate variations relating to acquisition of Fixed Assets are transferred to Profit and Loss Statement as per the revised Accounting Standard 11 "The Effects Of Changes In Foreign Exchange Rates".
- (g) Current assets & current liabilities in foreign currency, other than those covered by forward exchange contracts, outstanding at the close of the balance sheet date are converted in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted as " Foreign Exchange Rate Fluctuation", during the year.

7 Use of estimates :

The preparation of financial statement requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of the information in the financial statement has been made relying on these estimates.

8 Impairment of assets :

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amounts of the Company's Assets. If any indication exists, an Asset's recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an assets exceeds its recoverable amount or when there is permanent diminution in its value or functionality. The recoverable amount is the greater of the net selling price and value in use.

9 Employee benefits :

- (a) Short term employee benefits are recognized as an expense at undiscounted amount in the Profit and Loss Statement of the year in which the related service is rendered.
- (b) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss Statement for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain / loss in respect of post employment and other long term benefits are charged to Profit and Loss Statement.

10 Research and development expenses :

Research and development expenditure of revenue nature is recognised as an expense in the year in which it is incurred and the expenditure of capital nature are depreciated over the useful lives of the assets.

11 Treatment of contingent liabilities :

Contingent Liabilities not provided for are disclosed by way of Notes on Accounts.

12 Taxation :

Tax expense comprises current and deferred tax. Current tax is measured at the amount estimated/calculated to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred tax reflects the tax effect of the timing differences between accounting income and taxable income originating and reversing during the year. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in lakhs)

As at
31st March, 2012 As at
31st March, 2011

1 SHARE CAPITAL

Authorised

50,000,000 (Previous year 50,000,000) Equity Shares of ₹ 10 each **5,000.00** 5,000.00

Issued

33,418,300 (Previous year 33,418,300) Equity Shares of ₹10 each **3,341.83** 3,341.83

Subscribed & Paid up

33,033,000 (Previous year 33,033,000) Equity Shares of ₹10 each **3,303.30** 3,303.30

Add:

Subscribed and not paid up

385,000 (previous year 385,000) equity shares of ₹ 10 each partly paid up
₹ 5 each forfeited in the year 1996-97 **19.45** 19.45

Total **3,322.75** 3,322.75

1.1 The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding in accordance with the provisions of the Companies Act, 1956.

1.2 Reconciliation of the number of shares outstanding as at 31st March, 2012 and 31st March, 2011 is set out below:-

	As at 31st March, 2012	As at 31st March, 2011
Equity Shares at the beginning of the year	33,033,000	33,033,000
Add: Shares issued during the year	—	—
Less: Shares bought back during the year	—	—
Equity Shares at the end of the year	33,033,000	33,033,000

1.3 The Detail of Shareholders holding more than 5% Shares:

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Krishnaa Glass Private Limited	6,677,716	20.22	8,437,716	25.54
Sarvopari Investments Private Limited	4,007,244	12.13	4,007,244	12.13
Mavi Investment Fund Limited	6,606,600	20.00	6,606,600	20.00
Surendra Kumar Somany	3,068,274	9.29	1,008,274	3.05

1.4 Rest of disclosures as required to be given under share capital pursuant to Part I of Schedule VI to the Companies Act, 1956 are not applicable.

**2 Reserves and Surplus**

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
a. Capital Reserves		
As per last Balance Sheet	0.57	0.57
b. Securities Premium Account		
As per last Balance Sheet	8,713.65	8,713.65
c. Debenture Redemption Reserve		
As per last Balance Sheet	77.00	77.00
d. General Reserve		
As per last Balance Sheet	18.58	18.58
e. Surplus		
As per last Balance Sheet	(4,638.70)	(4,164.04)
Profit/(Loss) for the period	(746.09)	(474.66)
Closing Balance	(5,384.79)	(4,638.70)
Total	3,425.01	4,171.10

3 Share application money pending allotment ₹ 975 lakhs

Share application money of ₹ 975 lacs has been received from Promoters and Promoter Group companies towards allotment of 97,50,000 equity shares of ₹ 10 each for cash at par, aggregating to ₹ 975 lacs to the Promoter group in terms of the CDR Scheme sanctioned to the Company and the allotment of the said shares are subject to compliance with the applicable SEBI regulations in this regard, which is in process and expected to be completed in the current financial year.

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4 Long term borrowings

(₹ in lakhs)

	As at 31st March, 2012		As at 31st March, 2011	
	Non Current	Current	Non Current	Current
Secured				
Debentures	116.09	32.07	147.50	22.00
308,000 (Previous Year 308,000)				
15% Secured Redeemable				
Non Convertible Debentures of				
₹ 100/- each				
-Refer Note:4.1a & 4.2a				
Term loan from Banks				
Rupee Term Loan	7,040.48	1,619.51	8,588.21	1,281.06
Refer Note: 4.1b & 4.2(a,b and c)				
Derivative Rupee Term Loan	508.10	136.27	636.59	93.45
Refer Note: 4.1b & 4.2d				
Other loans and advances				
FITL:				
- on Debentures	28.23	1.77	29.99	1.58
Refer Note: 4.1c & 4.2(a,b and c)				
- on Term Loans	64.49	3.58	68.06	3.58
Refer Note: 4.1c & 4.2(a,b and c)				
- on Working Capital	603.94	33.44	604.56	35.40
Refer Note: 4.1c & 4.2(a,b and c)				
- on Derivative Loans	74.49	4.08	77.55	4.08
Refer Note: 4.1c & 4.2d				
Interest on FITL:				
- on Debentures	6.09	—	3.62	—
Refer Note: 4.1c & 4.2(a,b and c)				
- on Term Loans	13.69	—	8.09	—
Refer Note: 4.1c & 4.2(a,b and c)				
- on working capital	124.97	—	71.24	—
Refer Note: 4.1c & 4.2(a,b and c)				
- on Derivative Loans	2.09	—	1.29	—
Refer Note: 4.1c & 4.2d				
Unsecured				
Deferred payment liabilities	43.40	—	43.40	—
Leasehold Liability	3.93	—	3.89	—
Unsecured Loans from Promoters	500.00	—	355.00	—
Total	9,129.99	1,830.72	10,638.99	1,441.15

4.1 Repayment:

a) Profile and rate of Interest of Non Convertible Debentures:

	IDBI	ICICI
Rate of Interest	9%	14.82%
Repayment	(₹ in lakhs)	(₹ in lakhs)
2013-14	20.52	11.55
2014-15	20.52	11.55
2015-16	20.52	11.55
2016-17	11.47	8.41



- b) All term loan repayments are resheduled as per Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009.
- c) All FITL are repayable on stepped basis as per Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009.
- d) All Interest on FITL are repayable in two equal installments as per Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009.

4.2 Security

- a) Non convertible debentures(NCDs), Term Loan, Funded Interest on NCDs, Funded Interest on Term Loans and Funded Interest on Working Capital are secured by way of first mortgage / charge over the immovable properties and first charge by way of hypothecation over the movable (save and except current assets / book debts and certain items of Plant & Machinery purchased and/or to be purchased under the equipment finance/credit scheme) both present and future, and second charge on the current assets i.e. stock of raw materials, finished and finished goods, consumable stores, book debts, receivables and as such other movables subject to prior charges created and/or to be created in favour of Company's bankers on stocks of raw materials, finished and semi-finished goods, consumable stores,book debts and other receivables for securing working capital facilities.
- b) Term Loan shall rank pari-passu interse without any preference or priority of one or the other.
- c) All Term Loans and Funded Interest Term Loans are additionally secured by personal guarantees of Shri S. K. Somany-Chairman and Shri A. K. Somany-Managing Director of the Company.
- d) Derivative Rupee Term Loan along with Funded Interest on Derivative Term Loan under CDR Scheme are secured by way of pari passu third charge on the fixed assets and immovable properties of the Company ranking third and subservient in point of priority to the charges created or to be created in favour of the existing lenders. The said loan is additionally secured by personal guarantee of Shri AK Somany - Managing Director of the Company. Repayment of this Term Loan is subjected to availability of cash flow on subservient basis as per stipulation given under Corporate Debt Restructuring (CDR) scheme.

4.3 The Company has defaulted in repayment of loans and interest in respect of the following:

(₹ in lakhs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Duration	Amount	Duration	Amount
Debtentures				
Principal	1 day	1.98	1 day	1.32
Interest			1 day	0.63
Term loans from banks				
Principal	1 day	207.32	1 day	138.68
Interest	1 day	63.77	1 day	51.94
	1 month	69.03		
	2 month	0.44		
Derivative Rupee Term Loan				
Principal	1 day	23.36	1 day	13.57
Interest	1 day	3.63	1 day	3.75
FITL				
Principal	1 day	7.24		
Interest				
Total				
Principal		239.90		153.58
Interest		136.88		56.32

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5 Other long term liabilities

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Trade Deposits	0.17	0.17
F.C.D. Application Money Refund A/C	1.27	1.27
Total	1.44	1.44

6 Long term provisions

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Gratuity	351.86	338.59
Total	351.86	338.59

7 Short term borrowings

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Secured		
Loans repayable on demand		
From Banks (Working Capital)	8,886.40	6,417.62
Total	8,886.40	6,417.62

7.1 Working Capital Loans are secured by first pari passu charge against hypothecation of whole of the current assets, present and future of the Company, including stock of Raw Materials, stock in process, finished and semi-finished goods, stores and spares not relating to Plant & Machinery (Consumable stores & spares), Bills Receivables, Book Debts, outstanding monies, receivables, bills, claims and stock in transit, including all other movables etc. and second pari passu charge by way of mortgage of deposit of title deeds of movable and immovable fixed assets, both present and future of the Company, situated at Rakhial Road, Taluka city, Dist. Ahmedabad in the State of Gujarat and Baramati, Dist. Pune in the State of Maharashtra.

7.2 Working Capital Loans are additionally secured by personal guarantees of Shri S. K. Somany-Chairman and Shri A. K. Somany-Managing Director of the Company.

7.3 Working Capital loans are also secured by pledge of 25 lakhs Equity Shares of ₹10/- each of the Company held by Shri S. K. Somany, one of the promoter of the Company, in terms of Pledge Agreement executed in favour of Dena Bank, the Lead Bank of Dena Bank Working Capital Consortium.

8 Other current liabilities

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long-term debt	1830.72	1441.15
- Refer Note No. 4		
Interest accrued but not due on borrowings	39.38	39.33
Interest accrued and due on borrowings	146.15	56.32
Creditors for Capital Expenditure	34.19	34.91
Outstanding Liabilities	285.21	235.52
Other payables*	409.56	238.12
Total	2,745.21	2,045.35

* Includes Statutory dues, security deposit and advance from customers.



9 Short term provision

(₹ in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Bonus	15.13	16.30
Leave with wages	32.33	29.02
Gratuity Provision	26.94	31.39
Total	74.40	76.71

10 Fixed assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Deprecation				Net Block		
	Balance as at 1st April, 2011	Additions	Deletions / Adjustments	Balance as at 31st March, 2012	Balance as at 1st April, 2011	Charge for the Year	Deletions / Adjustments	Balance as at 31st March, 2012	As at 31st March 2012	As at 31st March 2011
(i) Tangible assets										
Freehold land	29.82	—	—	29.82	—	—	—	—	29.82	29.82
Leasehold land	1.08	—	—	1.08	—	—	—	—	1.08	1.08
Freehold buildings	3,190.62	37.38	—	3,228.00	853.85	97.70	—	951.55	2,276.45	2336.76
Leasehold buildings	9.31	—	—	9.31	0.64	0.15	—	0.80	8.51	8.66
Plant and equipment	23,289.21	572.34	2,046.39	21,815.16	13,619.10	1,522.18	1,740.73	13,400.55	8,414.61	9670.11
Furniture and fixtures	102.66	—	—	102.66	66.55	3.15	—	69.70	32.96	36.11
Vehicles	130.75	41.02	21.90	149.88	55.83	12.76	10.35	58.23	91.64	74.93
Office equipment	271.99	5.14	—	277.13	180.26	13.15	—	193.41	83.72	91.74
Others (specify nature)										
Total tangible assets	27,025.44	655.88	2,068.29	25,613.03	14,776.23	1,649.09	1,751.08	14,674.24	10,938.79	12,249.21
(ii) Intangible assets										
Computer software	60.57	—	—	60.57	50.91	6.30	—	57.21	3.36	9.65
Total Intangible assets	60.57	—	—	60.57	50.91	6.30	—	57.21	3.36	9.65
(iii) Capital work in progress	66.50	237.99	124.81	179.68	—	—	—	—	179.68	66.51
Total	27,152.51	893.87	2,193.10	25,853.28	14,827.14	1,655.39	1,751.08	14,731.45	11,121.83	12,325.37

11 Non-current investment (Unquoted)

(₹ in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
Other Investments		
Investment in Equity Instruments		
2000 Equity shares of ₹ 10/- each of Kechak Credit & Finvest Pvt. Ltd.	0.20	0.20
300 Equity Share of AED 1000 each of Soma Textile FZC.	34.21	34.21
Other non-current investments	0.01	0.01
(10 Equity Shares of ₹ 50/- each in Las Palmas Co-op. Hsg. So. Ltd. and 5 Shares of ₹ 100/- each in Poonam Apt. Association)		
Total	34.42	34.42

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12 Deferred tax assets (net)

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Assets (net)	376.08	321.08
Total	376.08	321.08

12.1 In accordance with Accounting Standard 22 "Accounting for Taxes on Income" under the Companies (Accounting Standards) Rules 2006, for the year under consideration there is Deferred Tax Asset of ₹ 55.00 lakhs (Previous year ₹ 107.00 lakhs) has been recognised in the Profit and Loss Statement. The net Deferred Tax Asset ₹ 376.08 lakhs (Previous year ₹ 321.08 lakhs) comprises of deferred tax liability related to fixed assets ₹ 1,390.07 lakhs less deferred tax assets as per carried forward unabsorbed depreciation and business losses available as per Income Tax Act, 1961 ₹ 1,766.15 lakhs.

13 Long term loans and advances(unsecured, considered good)

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Security Deposits	161.87	177.01
Capital Advances	133.37	156.82
Soma Textiles FZC Loan Account (Refer Note 13.1 and 13.2)	8,021.18	7,031.01
Total	8,316.42	7,364.84

13.1 The Company out of the GDR issue proceeds had made an investment of USD 15 million, which as on 31st March, 2012 is equivalent to INR ₹ 8021.17 lakhs(Previous Year INR ₹ 7031.01 lakhs), by way of long term loan (i.e. Quasi-equity) and also invested in the Equity Share capital i.e. 300 equity shares equivalent to INR ₹ 34.21 lakhs (Previous Year INR ₹ 34.21 lakhs) of Soma Textile FZC, Sharjah, U.A.E. an associate(Formerly Soma Textile FZE, Sharjah, U.A.E.,a wholly owned subsidiary).

During the financial year, the said associate has earned Profit of AED 25,644 (Previous Year Profit of AED 17,466).The accumulated loss incurred as on 31st March, 2012 is AED 656,046 (Previous Year AED 681,690) as per audited accounts, as certified by AL SAIF AUDITING & ACCOUNTANTS, independent Auditors.

13.2 The auditor of the Company AL SAIF AUDITING & ACCOUNTANTS, independant Auditors has reported that all the Accounts Receivables have been deemed to be good and further it has been reported that receivables are delayed and the customers who were given cooling period are complying the terms with some delays however, debts are considered good. Improvement in the financial health may take some more time.

14 Other non-current assets (unsecured considered good)

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Income Tax Advance	39.34	114.94
Duties, Claims & Other Receivables	69.03	95.68
Trade Receivables	19.89	13.19
In Debenture account (refund)	1.50	1.50
Total	129.76	225.31

**15 Inventories****(₹ in lakhs)**

	As at 31st March, 2012	As at 31st March, 2011
Raw Materials	1,251.12	1,603.21
Raw Materials in transit	10.66	6.81
Work-in-progress	2,995.81	2,672.53
Finished goods	1,412.03	2,194.73
Stores and spares	590.60	591.31
Stores and spares in transit	16.98	64.42
Waste	51.44	30.11
Total	6,328.64	7,163.12

16 Trade receivables**(₹ in lakhs)**

	As at 31st March, 2012	As at 31st March, 2011
Outstanding for a period exceeding six months:		
Unsecured	11.33	3.22
Other Debts:		
Secured	438.86	1,053.31
Unsecured	2,552.18	1,853.83
Total	3,002.37	2,910.36

16.1 The receivables includes bill discounted with bankers amounting to ₹ 438.86 lakhs (Previous Year ₹ 587.99 lakhs). The Bills are backed & secured against confirmed Letter of Credit and hypothecation of present and future receivables.

17 Cash and cash equivalents**(₹ in lakhs)**

	As at 31st March, 2012	As at 31st March, 2011
Cash and cash equivalents		
Balances with Banks	49.24	26.40
Cash on hand	3.05	4.86
	52.29	31.26
Other Bank Balances		
Margin money	133.99	212.61
Bank Deposits*	4.00	5.90
Total	190.28	249.77

* Fixed deposit with banks include deposits of ₹ 0.48 lakhs (Previous Year ₹ 1.08 lakhs) with maturity of more than 12 months.

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18 Short-term loans and advances (unsecured, considered good)

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Advances recoverable in cash or in kind or for value to be received	139.21	199.95
Balance with Central Excise in Current Account	38.10	39.43
Total	177.31	239.38

19 Other current assets

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Export Incentive Receivable	393.40	370.46
Duties, Claims & Other Receivables	113.65	101.15
Interest Receivable under TUF Scheme	205.83	378.05
Income Tax Advance	67.58	—
Interest Accrued	7.87	9.29
Total	788.33	858.95

20 Revenue from operations (Gross)

	(₹ in lakhs)	
	2011-12	2010-11
a) Sale of products	26,294.53	27,006.44
b) Other operating revenues		
(i) Export Incentive	148.33	164.62
(ii) Waste and Scrap Sale	408.41	680.61
	556.74	845.23
Total	26,851.27	27,851.67

Detail of sales of Products:

	(₹ in lakhs)	
	2011-12	2010-11
Cloth	20,437.94	17,950.06
Yarn	3,881.33	7,689.26
Garment	1,975.26	1,367.12
Total	26,294.53	27,006.44

21 Other income

	(₹ in lakhs)	
	2011-12	2010-11
Rent	0.69	0.69
Insurance & Other claims	27.25	82.29
Interest Incentive under TUF Scheme	442.11	491.69
Profit on Sale of Fixed Assets (Net)	72.17	0.35
Miscellaneous Receipts	17.00	33.99
Foreign Exchange Rate Difference	63.80	19.43
Total	623.02	628.44

**22 Cost of Materials consumed**

(₹ in lakhs)

	2011-12	2010-11
Opening Stock	1,610.02	1,547.78
Add: Purchases	15,901.03	17,555.15
	17,511.05	19,102.93
Less : Sales	46.52	32.22
Closing Stock	1,261.78	1,610.01
Consumption	16,202.75	17,460.70

Imported and Indigeneous Raw materials consumed

	2011-12	2010-11
Imported	204.42	—
Indigenous	15,998.33	17,460.70
TOTAL	16,202.75	17,460.70

Detail of Raw Material consumed

	2011-12	2010-11
Cotton	5,692.78	7,572.59
Cotton Yarn	7,075.97	6,972.04
Man Made Fibre	429.51	722.98
Polyester Yarn	1,915.71	1,686.80
Cloth Purchases	921.03	367.60
Garment material	167.75	138.69
Total	16,202.75	17,460.70

23 Purchases of Stock-In-Trade

(₹ in lakhs)

	2011-12	2010-11
Yarn	—	104.10
Total	—	104.10

24 Changes in Inventories of Finished Goods and Work-In-Progress

(₹ in lakhs)

	2011-12	2010-11
Opening Stock:		
Finished Goods	2,224.84	1,597.41
Work-in-progress	2,672.53	2,208.60
	4,897.37	3,806.01
Closing Stock:		
Finished Goods	1,463.46	2,224.84
Work-in-progress	2,995.81	2,672.53
	4,459.28	4,897.37
Total	438.09	(1,091.36)

25 Employee Benefits Expenses

(₹ in lakhs)

	2011-12	2010-11
Salaries and Wages	1,542.92	1,609.04
Contribution to Provident and Other Funds	108.61	103.38
Staff Welfare Expenses	101.94	108.02
Total	1,753.46	1,820.43

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25.1 As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the Accounting Standard are given below :

Ahmedabad Unit

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under: (₹ in lakhs)		
	2011-12	2010-11
Contribution to Employees' Provident Fund	51.96	45.76
Contribution to Pension Fund	34.10	34.45
Contribution to Labour Welfare Fund	2.84	3.46
EDLI Charges	0.04	0.03
Administration Charges of Provident Fund	6.86	6.25
Total	95.80	89.95

Defined Benefit Plans:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

Reconciliation of opening and closing balance of Defined Benefit obligation : (₹ in lakhs)

Gratuity	2011-12	2010-11
Present value of Defined Benefit Obligation as at 31st March, 2011	348.40	304.85
Interest Cost	28.74	25.15
Current Service Cost	22.07	21.10
Benefit paid	(27.76)	(34.14)
Net Actuarial Gain / (Loss)	(18.10)	31.44
Present value of Defined Value Obligation as on 31st March, 2012	353.35	348.40

Reconciliation of fair value of Plan Assets

Fair value of Plan Assets as at 31st March, 2011	NIL	NIL
Expected return on Plan Asset	NIL	NIL
Net Actuarial (Gain) / Loss	NIL	NIL
Employer Contribution	NIL	NIL
Benefit paid	NIL	NIL
Fair value of Plan Assets as at 31st March, 2012	NIL	NIL

Actuarial Assumptions

Discount rate as on 31st March, 2012	8.50%	8.25%
Annual Increase in salary cost	5.00%	5.00%

The estimates of future salary increase, considered in actuarial valuation take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Leave encashment (₹ in lakhs)		
	2011-12	2010-11
Defined Benefit Obligation as on 31st March, 2012	27.04	23.41
The above information is certified by an Actuary.		

Baramati Unit

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under: (₹ in lakhs)		
	2011-12	2010-11
Contribution to Employees' Provident Fund	5.69	5.55
Contribution to Pension Fund	5.40	5.58
Contribution to Labour Welfare Fund	0.08	0.37
EDLI Charges	0.32	0.34
Administration Charges of P.F.	1.03	1.03
Total	12.52	12.87

**Defined Benefit Plans****Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)****(₹ in lakhs)**

	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	2011-12	2011-12	2010-11	2010-11
Opening DBO as on April 1, 2011	21.58	5.61	17.84	5.81
Benefits paid during the year	3.62	1.58	1.58	0.72
Closing DBO as on March 31, 2012	25.45	5.38	21.58	5.61
Expenses recognized in the Profit and Loss Statement	7.49	1.36	5.31	0.52
Assets/(Liabilities) recognized in the Balance Sheet as on March 31, 2012	25.45	5.38	21.58	5.61

Actuarial assumptions :

	2012	2011
Discount Rate	8.50% p.a.	8.25% p.a.
Salary Escalation Rate	9% p.a.	9% p.a.
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Attrition Rate	6% p.a.	6% p.a.

Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26 Finance cost **(₹ in lakhs)**

	2011-12	2010-11
Interest expense	2,273.97	1,834.26
Other borrowing costs	155.44	141.95
Total	2,429.41	1,976.20

27 Other expenses **(₹ in lakhs)**

	2011-12	2010-11
Consumption of stores and spares	2,210.03	2,659.93
Power and Fuel	3,014.02	3,507.36
Rent	3.90	4.90
Repairs to Building	21.53	22.78
Repairs to Machinery	203.31	193.87
Repairs to Others	2.76	10.07
Job Work Charge	98.29	76.11
Insurance	48.82	35.97
Rates and Taxes	25.61	18.88
Payments to Auditors	11.21	11.40
Entry Tax (Refer Note No. 27.3)	214.02	—
Miscellaneous expenses	623.41	690.61
Total	6,476.91	7,231.88

27.1 Imported and Indigenous Stores and Spares Parts Consumed: **(₹ in lakhs)**

	2011-12	2010-11
Imported	471.91	511.20
Indigenous	1,738.12	2,148.73
Total	2,210.03	2,659.93

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27.2 Payments to the auditors	(₹ in lakhs)	
	2011-12	2010-11
- As Auditor	5.75	5.59
- For Taxation Matters	3.58	4.34
- For Other services	1.64	1.25
- For Reimbursement of expenses	0.24	0.22
Total	11.21	11.40

27.3 The amount of ₹ 214.02 lakhs pertains to entry tax demand on polyester yarn raised by the Sales Tax Department during the year, which Company had purchased from other states for consumption in manufacturing of fabric.

The Company had relied upon the decision of the Hon'ble Allahabad High Court which held that entry tax is invalid as its not compensatory and against the decision of the Hon'ble Allahabad High Court an appeal with the Hon'ble Supreme Court is filed, which appeal is still pending and the decision is awaited. The Hon'ble Supreme Court in Jindal Stainless Steel Ltd. has also held that as entry tax is not compensatory, it cannot be levied. But the Sales tax department has conveyed to the Company during the year about the decision of Hon'ble Gujarat High Court in Eagle Corporation Services, which is in favour of revenue that entry tax is to be paid by the Company in Gujarat.

As the matter is Subjudice, the Company is depositing the amount of liability of entry tax raised under protest.

28 Prior period income represent :

	(₹ in lakhs)	
	2011-12	2010-11
Credit Relating to Earlier Years	—	271.93
Debit Relating to Earlier Years	(28.10)	(86.19)
Total	(28.10)	185.74

29 Exceptional items represent:

	(₹ in lakhs)	
	2011-12	2010-11
Foreign Exchange fluctuation on loan - Soma Textile FZC	990.16	(47.77)
Retrenchment Compensation	(29.86)	(26.86)
Total	960.30	(74.63)

30 Earning per Share (EPS):

	(₹ in lakhs)	
	2011-12	2010-11
Basic :	(2.26)	(1.44)
Numerator : Net profit/(Loss) after taxation as disclosed in Profit and Loss Statement (After Extra Ordinary Items)	(746.09)	(474.66)
Denominator :Weighted Average No. of Equity Shares outstanding during the year	33,033,000	33,033,000
Diluted :	(2.26)	(1.44)
Numerator : Net Profit/(Loss) for Diluted EPS (After Extra Ordinary Items)	(746.09)	(474.66)
Denominator :Weighted Average No. of Equity Shares	33,033,000	33,033,000
The nominal value per Equity Shares is ₹ 10/-		



31 The Company had been sanctioned a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009 for restructuring the Company's existing financial assistance outstanding as on 30th September, 2008, availed from the Institutional Lenders and Working Capital from Banks, and sanctioning additional financial assistance extended/to be extended to the Company in the manner and to the extent set out in the LOA. The salient features of the scheme were injection of fresh working capital and concession in the bank charges, reduction in margins, fresh term loan for completion of pending capital projects, funding of interest, reduction in interest rate, moratorium and deferment of principal amount repayments.

32 Related party transaction

- 1.1** Holding Company Not Applicable
- 1.2** Associate Company SOMA TEXTILE FZC, Sharjah, UAE
- 1.3** Fellow Subsidiary Not Applicable
- 1.4** Other related parties where control exists Somany Evergreen Knits Ltd.
Kechak Credit & Finvest Pvt. Ltd.
- 1.5** Key management personnel and their relatives Shri S. K. Somany, Chairman
(Shri A. K. Somany, Managing Director is son of Shri S. K. Somany)

Shri A. K. Somany, Managing Director
(Shri S. K. Somany, Chairman is father of Shri A. K. Somany)

Shri Shrikant Bhat, Executive Director

Shri Shrikant Bhat, Director, Soma Textile FZC

1.6 The following transactions were carried out with related parties in the ordinary course of business :

Particulars	(₹ In lakhs)					
	Associate		Key Management personnel and their relatives		Other parties which significantly influence / are influenced by the Company (either individually or otherwise)	
	2012	2011	2012	2011	2012	2011
Rent Paid	—	—	—	—	1.98	1.80
Water & Electricity Charges	—	—	—	—	0.59	0.82
Sales	—	—	—	—	—	32.00
Testing Charges	—	—	—	—	—	0.03
Repair & Maintenance	0.14	0.14	—	—	—	—
Rates & Taxes	1.07	0.01	—	—	—	—
Remuneration	—	—	42.83	31.37	—	—
Sitting Fee	—	—	0.08	0.10	—	—
Balance outstanding at date of Balance sheet - receivable	8,021.18	7,031.01	—	—	—	(0.53)

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33 Contingent liabilities and commitments (to the extent not provided for)

	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
(i) Contingent Liabilities		
Unredeemed Bank Guarantees (margin in form of FDR ₹ 22.42 lakhs (Previous year ₹ 6.78 lakhs) provided against Bank Guarantees)	224.23	45.51
Sales Tax Payment disputed by the Company	6.17	6.17
Excise Duty demand disputed by the Company	27.93	28.18
Claims against the Company not Acknowledged as debts	20.34	24.28
Income Tax Payment disputed by the Company	49.17	39.56
	327.84	143.70
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,108.25	1,110.88

34 As the Company's business activity falls within a single primary and geographical segment viz. 'textile', the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued under Companies (Accounting Standards) Rules, 2006 is not applicable.

35.1 VALUE OF IMPORTS (C.I.F.) ACCOUNTED FOR DURING THE YEAR (₹ in lakhs)

	2011-12	2010-11
Capital Goods	—	195.20
Components & Spare Parts	379	376.09

35.2 EXPENDITURE IN FOREIGN CURRENCY (₹ in lakhs)

	2011-12	2010-11
Traveling Expenses	16.04	12.21

35.3 EARNING IN FOREIGN CURRENCY DURING THE YEAR (₹ in lakhs)

	2011-12	2010-11
F.O.B. Value of Exports	1,939.24	3,219.12

36 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

37 Note 1 to 36 form an integral part of the Balance Sheet and Profit and Loss Statement.

As per our report of even date For PIPARA & COMPANY CHARTERED ACCOUNTANTS Firm Registration No. 107929W	For and on behalf of the Board	
	S. K. SOMANY	Chairman
GYAN PIPARA PARTNER Membership No. : 034289 Place : Ahmedabad Date : 24th May, 2012	A. K. SOMANY	Managing Director
	R. S. SHARMA	Company Secretary



SOMA TEXTILES & INDUSTRIES LIMITED

Registered office : 2, Red Cross Place, Kolkata - 700 001

ATTENDANCE SLIP

(To be signed and handed over at the Entrance of the Meeting Venue)

Member's Folio No : _____ No. of Shares held _____

D.P. ID*

Client ID*

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company.

I/We hereby record my/our presence at the 74th Annual General Meeting of the above named Company at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001, On Wednesday, 19th day of September, 2012 at 2:30 P.M.

Member's / Proxy Name in BLOCK LETTERS

Member's/Proxy's signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL

*Applicable for investors holding shares in electronic form.

----- TEAR HERE -----

SOMA TEXTILES & INDUSTRIES LIMITED

Registered office : 2, Red Cross Place, Kolkata - 700 001

FORM OF PROXY

Member's Folio No : _____ No. of Shares held _____

D.P. ID*

Client ID*

I/We _____ of _____

_____ being a member/members of the above named Company hereby appoint

of _____ or failing him _____

of _____ as my / our proxy

to vote for me/us and on my/our behalf at the 74th Annual General Meeting of the Company to be held on Wednesday, 19th day of September, 2012 at 2:30 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

*Applicable for investors holding shares in electronic form.

Affix
Re. 1/-
Revenue
Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time of commencement of the meeting. The Proxy need not be a member of the Company.

BOOK-POST

To

If undelivered, please return to :
SOMA TEXTILES & INDUSTRIES LIMITED
Rakhial Road, Ahmedabad - 380 023.

GANAPATI, A'bad. Ph-(079) 26568111