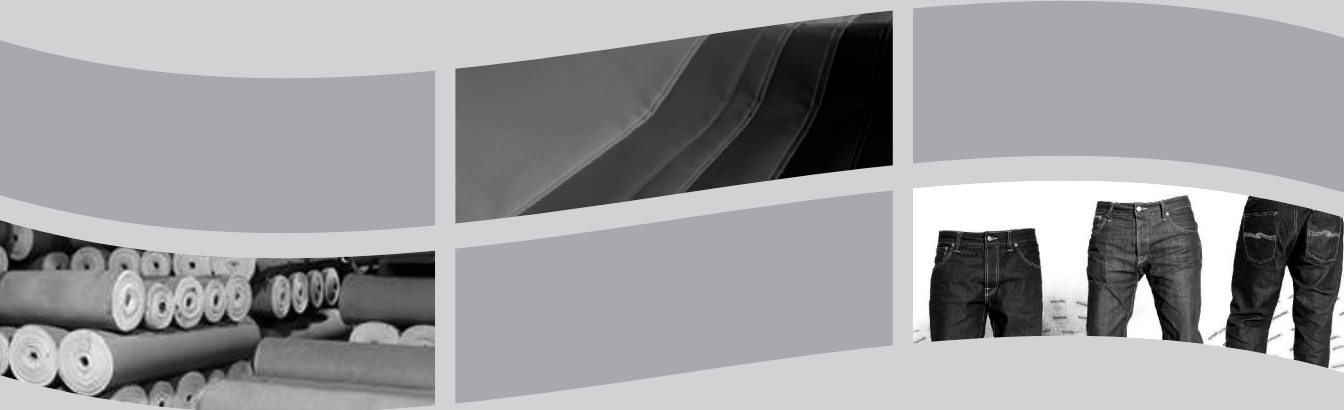




# **SOMA TEXTILES & INDUSTRIES LIMITED**

**76<sup>th</sup> ANNUAL REPORT  
2013-2014**



**CONSISTENT  
QUALITY THAT  
INSPIRES  
FAITH  
GLOBALLY**



## **76<sup>th</sup> Annual Report 2013-2014**

### **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 S. C. Mathur (Nominee Director - IDBI Bank Limited w.e.f. 26<sup>th</sup> March, 2014)  
Shri Anoop Sharma (Nominee Director - IDBI Bank Limited nomination withdrawn on 26<sup>th</sup> March, 2014)

### **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  
CIN: L51909WB1940PLC010070  
E-mail: investors@somatextiles.com  
Website: www.somatextiles.com

### **WORKS**

Rakhial Road, Ahmedabad - 380 023

### **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  
E-mail : sharepro@shareproservices.com

### **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  
E-mail : sharepro.ahmedabad@shareproservices.com

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**NOTICE OF THE 76<sup>th</sup> ANNUAL GENERAL MEETING TO THE SHAREHOLDERS**

NOTICE is hereby given that the Seventy Sixth (76<sup>th</sup>) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001, on Friday, the 29<sup>th</sup> day of August, 2014 at 3:00 P.M. to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit & 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 Shrikant Bhat (DIN: 00650380), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

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

4. **Appointment of Shri B. K. Hurkat, as Independent Director.**

**As an Ordinary Resolution**

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri B. K. Hurkat (holding DIN 02005896), a Non-executive Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years from Seventy-sixth Annual General Meeting to the conclusion of Eighty-first Annual General Meeting i.e. from the date of this Annual General Meeting upto 28<sup>th</sup> August, 2019.”

5. **Appointment of Shri B. L. Dhoot, as an Independent Director**

**As an Ordinary Resolution**

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri B. L. Dhoot (holding DIN 02690250) a Non-executive Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years from Seventy-sixth Annual General Meeting to the conclusion of Eighty-first Annual General Meeting i.e. from the date of this Annual General Meeting upto 28<sup>th</sup> August, 2019.”

6. **Erosion of Fifty percent (50%) or more of the peak net worth of the Company under Section 23 of SICA Act, 1985:**

**As an Ordinary Resolution:**

“RESOLVED THAT pursuant to Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the applicable provisions of the Companies Act, 1956 or the new Companies Act, 2013 as and when notified and such other laws as may applicable, the Company do hereby considers and approves the Report of the Board of Directors regarding the erosion of more than 50% of the peak net worth of the Company during the immediately preceding four financial years by its accumulated losses as at the end of the financial year ended 31<sup>st</sup> March, 2014 and the causes for such erosion and the Board be authorized to send report on such erosion to the Board for Industrial and Financial Reconstruction (BIFR) or such authority(ies), as applicable at the relevant time under the relevant Acts & Laws in force.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute such deeds and documents as it may, in their absolute discretion, deem necessary, desirable or expedient in connection with and/or for the purpose to give effect to the Resolution.”

# ANNUAL REPORT 2013-2014

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“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of its powers herein conferred by this Resolution to any Director(s) or to any Committee of Directors or to any Officer(s) of the Company to give effect to this Resolution.”

## 7. Remuneration to the Cost Auditors for the Financial Year ending March 31, 2015

### As an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. N. D. Birla & Company, the Cost Auditors, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration by way of Cost Audit Fee of ₹48,000/- plus service tax, as applicable and reimbursement of out of pocket expenses, if any, incurred in connection with such audit.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

### Registered Office:

2, Red Cross Place,  
Kolkata – 700 001  
Dated : 30<sup>th</sup> May, 2014

### By order of the Board

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

### Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS/HER PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND 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.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business under Item Nos. 4, 5, 6 & 7 to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of this Notice.
3. Corporate Members/Trust/Society intending to send their authorized representatives for attending the Annual General Meeting are requested to send to the Company 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.
4. In case of Joint Holders attending the Meeting only such Joint Holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 20<sup>th</sup> August, 2014 to Friday, the 29<sup>th</sup> August, 2014 (both days inclusive) for the purpose of Annual General Meeting of the Company.
6. Members, holding Shares in electronic form are requested to notify change in their registered address, if any, to their Depositories Participants (“DP”) with whom they are maintaining their demat accounts. Members, holding Shares in physical form are requested to notify change in their registered address, if any, quoting their folio number to the Company and/or Sharepro Services (India) Private Limited, the Registrar & Transfer Agents (RTA) of the Company.
7. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Sharepro Services (India) Private Limited, the RTA, for consolidation into a single folio.
8. Members/Proxies are requested to bring their copies of the Annual Report to the Meeting.



9. 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 31<sup>st</sup> 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 to them an application in Form II, prescribed under the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government), Rules 1978.

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 31<sup>st</sup> March, 1998, from time to time on due dates, 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 31<sup>st</sup> March, 1999 and up to the year ended 31<sup>st</sup> March, 2014, and therefore uploading of details of unpaid and unclaimed amounts lying with the Company as on 9<sup>th</sup> September, 2013 (date of last Annual General Meeting) on the website of the Company i.e. [www.somatextiles.com](http://www.somatextiles.com) and also on the website of the Ministry of Corporate Affairs, as required pursuant to the provisions of the provisions of Investors Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the Companies Rules, 2012, does not arise.

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.

11. In accordance with the provisions of Section 72 of the Companies act, 2013, Members are entitled to make nominations by filing Form No. SH.13 in respect of the Equity Shares held by them, in physical form, duly completed and signed to the Company or its Registrar & Share Transfer Agents (RTA) in their own interest. Members holding shares in demat may get their nomination recorded with their respective Depository Participant (DP).
12. 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 Registrar & Share Transfer Agents for consolidation into a single folio.
13. Electronic copy of the Annual Report for 2013-14 comprising the Notice of the 76<sup>th</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting alongwith attendance slip and proxy form is being sent to all Members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same.

For members who have not registered their email address, physical copies of the Annual Report for 2013-14 comprising the Notice of the 76<sup>th</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting alongwith attendance slip and proxy form is being sent in the permitted mode.

14. Members who wish to obtain any information, on the Company or its Accounts and operation may send their queries to the Company at least ten (10) days before the Meeting so as to enable the management to keep the information ready at the Meeting.
15. Members may also note that the Notice of the 76<sup>th</sup> Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company’s website [www.somatextiles.com](http://www.somatextiles.com) for their download. The physical copies of the aforesaid documents will also be available at the Company’s Registered Office in Kolkata for inspection during normal business hours on working days.
16. Even after registering for e-communication, members are entitled to received such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the Company’s investor email id: [investors@somatextiles.com](mailto:investors@somatextiles.com).
17. 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.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant’s in securities market. Members holding Shares in electronic form (D-MAT) are therefore requested to submit their PAN to their concerned Depository Participants (‘DP’). Members holding Shares in physical form can submit their PAN to the Company or its Registrar and Transfer Agents (RTA).
19. All documents referred to in the notice and the explanatory statement required the approval of the Members at the Meeting and shall be available for inspection by the Members at the Registered Office of the Company during office

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hours on all working days between 12:00 Noon and 2:00 P.M. on all days except Saturdays, Sundays and public holidays, from the date hereof upto the date of the annual general meeting.

## 20. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rule, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to exercise their right to vote at the 76<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services India Limited (“CDSL”):

### The procedure and instructions for Members for e-voting are as under:-

- (i) Log on to the e-voting website **www.evotingindia.com**
- (ii) Click on “Shareholders” tab
- (iii) Now, select the “**Electronic Voting Sequence Number (EVSN) – 140722017**” alongwith “**SOMA TEXTILES AND INDUSTRIES LIMITED**” from the drop down menu and click on “**SUBMIT**”.
- (iv) Now enter your User ID :-
  - (a) For **CDSL** – 16 digits beneficiary ID,
  - (b) For **NSDL** – 8 Characters DP ID followed by 8 Digits Client ID,
  - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Captcha Code (Image Verification Code) as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below (Applicable for both demat shareholders as well as physical shareholders).
- (viii) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and last 8 digits of the demat account/folio number in the PAN Field.</li> <li>• In case folio number is less than 8 digits enter the applicable number of 0’s (Zero’s) before the number, after the first two characters of the name in CAPITAL letters. Eg: If your name is Ravi Kumar with number 1 then enter RA00000001 in the PAN Field.</li> </ul>	
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field or enter value 25/07/2014 in DOB Column.</li> </ul>	



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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen.
- (xi) Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) You can also update your mobile number and E-mail ID in the user profile details of the folio, which may be used for future Communication(s).
- (xiii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this AGM Notice.
- (xiv) Click on the EVSN (Electronic Voting Sequence Number) of “**SOMA TEXTILES & INDUSTRIES LIMITED**” to vote.
- (xv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xvi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions.
- (xvii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xviii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xix) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xx) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code (Image Verification Code) and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as **Corporates**
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details they have to create a User ID to able to link the account(s) which they wish to vote and then cast their vote on
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xxi) The voting period begins on Wednesday, 20<sup>th</sup> August, 2014 (9:00 A.M.) and ends on Friday, 22<sup>nd</sup> August, 2014 (6:00 P.M.) During the e-voting period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 25<sup>th</sup> July, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xxii) Once the vote on the Resolution is cast by the Shareholders, they shall not be allowed to change it subsequently.
- (xxiii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQ”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxiv) The voting rights of the Members shall be in proportion to their shares in the Paid-up Equity Share Capital of the Company as on the cut-off (Record Date) on 25<sup>th</sup> July, 2014.
- II. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote (including through e-mail) to the Scrutinizer at its e-mail [droliapravin@yahoo.co.in](mailto:droliapravin@yahoo.co.in) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) before the closing hours on 20<sup>th</sup> August, 2014 without which the vote shall not be treated as valid.
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- III. Mr. P. K. Drolia, Practising Company Secretary (Membership No. 2366, Certificate of Practice No.1362), Kolkata has been appointed as the Scrutinizer for conducting the e-voting process (including Physical Assent/Dissent Form received from Members who do not have access to e-voting process) in a fair and transparent manner.
  - IV. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/Director of the Company.
  - V. The Results on Resolutions shall be declared on or after the AGM of the Company by the Chairman of the Company or by any other persons duly authorized in this regard. The Resolutions will be deemed to be passed on the date of Annual General Meeting subject to receipt of the requisite number of votes. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.somatextiles.com](http://www.somatextiles.com) and on the website of CDSL within two (2) days of passing of the resolutions at the 76<sup>th</sup> AGM of the Company on 29<sup>th</sup> August, 2014 and communicated to the National Stock Exchange of India Limited (NSE) and BSE Limited.
21. In case of those Members, who do not have access to e-voting facility, they can use the assent/dissent form sent herewith or can be downloaded from our website [www.somatextiles.com](http://www.somatextiles.com) and convey their assent/dissent to each one of the items of business to be transacted at the ensuing AGM and send the form in a sealed cover or envelop to reach Mr. P. K. Drolia, Scrutinizer appointed by the Company at the Registered Office of the Company on or before August 22, 2014 (6:00 P.M.).
  22. Members can choose only one of the two options, namely e-voting or voting through physical assent/dissent form. In case the votes are casted through both the formats, then votes casted through e-voting shall prevail over those votes casted through physical assent/dissent form and the vote cast through Assent/Dissent form shall be treated as invalid and cancelled.

### 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 register their e-mail address with the Registrar and Share Transfer Agent (RTA) Messrs Sharepro Services (India) Pvt. Ltd., unit-Soma Textiles & Industries Limited, at 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](mailto:sharepro@shareproservices.com) or at its branch office at Office No. 416-420, Devnandan Mega Mall, 4<sup>th</sup> Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad – 380 006, at E-mail ID – [sharepro.ahmedabad@shareproservices.com](mailto:sharepro.ahmedabad@shareproservices.com)

### Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment at the 76<sup>th</sup> Annual General Meeting of the Company, as required under Clause 49 (IV) (G) of the Listing Agreement:-

Shri Shrikant Bhat (DIN: 00650380) ('Shri Bhat'), aged about 49 years, is a Commerce Graduate and a Member of Institute of Chartered Accountants of India. He has experience and expertise in a wide range of fields like Corporate Finance, Finance Restructuring, Tax Laws and Company Law spanning over 24 years. Shri Bhat (DIN: 00650380) was appointed as an Additional Director and a Whole time Director designated as an Executive Director of the Company, liable to retire by rotation with effect from 18<sup>th</sup> January, 2008 and further re-appointed as an Executive Director for a period of Three (3) years effective from 18<sup>th</sup> January, 2013. Shri Bhat holds office of Director in Somany Evergreen Knits Limited. Shri Bhat does not hold any shares in the Company

Shri Shrikant Bhat (DIN: 00650380) retires from the Board by rotation at this meeting and being eligible, offers himself for re-appointment as Director of the Company.

#### Registered Office:

2, Red Cross Place,  
Kolkata – 700 001  
Dated : 30<sup>th</sup> May, 2014

By order of the Board

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



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 4**

Shri B. K. Hurkat ('Shri Hurkat') has been an Independent Director pursuant to Clause 49 of the Listing Agreement on the Board of the Company since 24<sup>th</sup> August, 2009. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in Section 149(6) of the Act and ensure that at least 1/3<sup>rd</sup> of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Hurkat fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of Section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Hurkat is independent of the management of the Company.

Shri Brij Hurkat, aged about 72 years, is a businessman and holds a Bachelor degree in Commerce. He has a rich and all-round knowledge and experience in textile and yarn business armed with strength in strategic thinking and business skills.

Shri Hurkat was appointed a director of the Company, liable to retire by rotation, at the Annual General Meeting (AGM) held on 24<sup>th</sup> August, 2009. He holds directorship in Savak Investment & Finance Private Limited and holds partnership in Suruchi, a partnership firm. He does not hold any directorship and membership of any Committee in other Company(ies). He holds 888 Shares in the Company constituting 0.003% in the Share Capital of the Company.

Shri Hurkat is currently Chairman of the Remuneration Committee of the Company. He is also member of Audit Committee, Share Transfer Committee, Shareholders'/Investors' and Grievance Committee, constituted by the Board of Directors of the Company. The Company has received a Notice in writing from a Member, alongwith the requisite deposit of money proposing, Shri Hurkat, as a candidature for the office of Director of the Company under Section 160 of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Hurkat as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Hurkat as an Independent Director pursuant to the provisions of Section 149 read with Schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of Section 149(13) of the Act, Shri Hurkat shall not be liable to retire by rotation.

Except Shri Hurkat, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of Seventy-sixth (76<sup>th</sup>) Annual General Meeting of the Company.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

**Item No. 5**

Shri B. L. Dhoot ('Shri Dhoot') has been an Independent Director pursuant to Clause 49 of the Listing Agreement on the Board of the Company since 24<sup>th</sup> August, 2009. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in Section 149(6) of the Act and ensure that at least 1/3<sup>rd</sup> of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Dhoot fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of Section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Dhoot is independent of the management of the Company.

Shri Dhoot, aged about 83 years, is a businessman and holds an Intermediate degree in Arts. He has a rich and long business experience over 52 years with the extensive knowledge in Strategic Planning and Management.

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

Shri Dhoot is currently Chairman of the Audit Committee of the Company. He is also member of Remuneration Committee, Share Transfer Committee and Shareholders'/Investors' and Grievance Committee constituted by the Board of Directors of the Company. He does not hold any directorship and Committee Membership in any other Company(ies) and also does not hold any share in this Company. The Company has received a Notice in writing from a Member, alongwith the requisite deposit of money proposing, Shri Dhoot, as a candidature for the office of Director of the Company under Section 160 of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Dhoot as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Dhoot as an Independent Director pursuant to the provisions of Section 149 read with

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Schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of Section 149(13) of the Act, Shri Dhoot shall not be liable to retire by rotation.

Except Shri Dhoot, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice of 76<sup>th</sup> Annual General Meeting of the Company.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

### Item No. 6

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), if the accumulated losses of an industrial company as at the end of any financial year is more than fifty percent (50%) or more of its peak net worth during the immediately preceding four financial years, the Company shall have to report the fact of such erosion to the Board for Industrial and Finance Reconstruction (BIFR) within a period of 60 days from the date of adoption of the audited accounts of the Company for the relevant financial year and hold a General Meeting of the Shareholders for considering of such erosion.

As per the Audited accounts of the Company for the financial year ended 31<sup>st</sup> March, 2014, which is being adopted and approved by the shareholders at this Annual General Meeting on 29<sup>th</sup> August, 2014 you may note that as per the provisions of section 23 of SICA Act, 1985, the Accumulated Losses of your Company as at 31<sup>st</sup> March, 2014 were ₹ 68.85 Crores, which have resulted in erosion of more than 50% of its peak net worth of ₹121.13 Crores during the four financial years immediately preceding the financial year ended on 31<sup>st</sup> March, 2014. Consequent upon, your Company has been classified as a "Potentially Sick Company" under the said provision.

The fact relating to such erosion and its causes thereof and the revival measures, being taken by the Company are explained in the Report of the Board of Directors forming part of the Resolution set out at item no.-4 of the accompanying notice of Annual General Meeting.

Accordingly, at this meeting the report of the Board of Directors on such erosion and revival measures being taken as per Section 23 of the Act, is being placed before the Members for their consideration and approval.

This Resolution, if passed, shall have effect of allowing the Board on behalf of the Company to send Report on such erosion and steps & measures being taken by the Company to improve productivity and profitability of the Company.

The Board recommends this Resolution for your approval as an Ordinary Resolution.

None of the Directors and key managerial personnel and their relatives is in any way concerned or interested, financially or otherwise, except to the extent of their shareholdings in the Company.

### **REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY UNDER SECTION 23 (1) (b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985**

To the Members,

Soma Textiles & Industries Limited

As required under section 23(1)(b) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the following report as to the erosion of more than 50% of its peak net worth of the Company and the causes thereof, is being forwarded to the members of the Company.

As per the audited financial accounts of the Company for the year ended 31<sup>st</sup> March, 2014, the Company's accumulated losses stood at ₹ 68.85 Crores, which constitutes more than 50% of its peak net worth of ₹ 121.13 Crores during the preceding four financial years, thereby the Company has been classified as a "Potentially Sick Company".

#### **Causes of erosion of more than 50% peak net worth:-**

Last several years, beginning from 2007-08, have been the most challenging period in the history of Indian Textile Industry, which faced multiplicity of adverse factors. Barring the year 2010-11 which reported considerable recovery, when the company was able to reduce its net loss to ₹ 4.75 Crores compared to loss of ₹ 18.68 Crores in the previous year 2009-10, which was around 1/4<sup>th</sup> of the loss sustained in the year 2009-10, rest of the period was mired in adversities arising from global meltdown, continued slowdown in advanced economies and weakening economic growth in India as well as other developing countries. Business related and political factors also took heavy toll on recovery of the textile industry which witnessed severe power constraints, rising interest rates, wide currency fluctuations, besides considerable mismatch in input/output costs resulting from faulty Government Policies relating to export of cotton and cotton yarn.

Ram Cotton, an agriculture product, is the key raw material used for the manufacture of cotton yarn. Almost 65% of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon. Adequate availability of raw cotton at right prices is crucial for the Company.



The Textile Industry, especially spinning sector, has plunged into a heavy crisis during FY 2011-12 due to lopsided Government policies in respect of exports of cotton and cotton yarn, economic crisis in Eurozone and consequent demand recession. The main reasons were as follows:

- Global cotton shortage during 2010-11 resulted in an unprecedented increase in global and domestic cotton prices
- Premature announcement by the Government of India of cotton exports of 55 lacs bales within 45 days of the cotton season.
- Suspension of cotton yarn export during Jan-Mar 2011 resulted in huge piling up of yarn stock of over 500 million kgs.
- With the lifting of the ban in April, 2011, a sudden rush to liquidate the stocks at any price from the high priced inventory.
- Ban on exports resulted in international and domestic prices crashing from April, 2011 and by June, 2011, the cotton prices touching ₹ 32000 per candy from a peak of ₹ 65000 per candy.
- Sale of yarn at much lesser prices produced out of high cost raw material.
- High degree of volatility in forex market.
- Shortage of adequate working capital, the major impediment affected the performance of the Company.
- Sever power cut and non-availability of skilled manpower in the Company's spinning unit at Baramati, Maharashtra.
- Devaluation of Indian Rupees cost world currencies resulted in tremendous problems for entire Textile Value chain.
- Due to uncertainty in yarn Market the Company had to curtail the productivity at its Baramati Unit for two months in the year 2011-12.

All these above reasons collectively resulted in reverse business scenario and thereby the Company's loss gradually accumulated at ₹ 68.85 Cr as at the end of financial year ended 31<sup>st</sup> March, 2014.

**Steps taken for revival**

1. To tide over the long term working capital needs on account of the above, the Company has approached CDR-EG, Mumbai for a debt restructuring proposal under the CDR system during 2008-2009. The CDR-EG, Mumbai had approved the same and accordingly, the CDR lenders have sanctioned fresh term loan under TUFS of ₹ 9.00 crores, besides restructuring of majority of the term loans sanctioned by them. The Company's bankers have also sanctioned an additional Working Capital Facilities of ₹ 15 Cr under the CDR Scheme.
2. The promoters have brought in fresh capital of ₹ 9.75 Crores, in the year 2008-2009 (₹ 7.00 Crores) and in the year 2009-2010 (₹ 2.75 Crores), as per the stipulation of CDR Scheme.
3. The Company has taken several steps for operational restructuring, which are expected to lead to higher efficiency/ cost savings in the time to come.
4. With overall improvement in demand for the textile products both in international and domestic markets and relentless efforts put in by the Company, the Board of Directors believes that the Company will be able to recover and recoup the above stated erosion in its net worth in the years to come.

**Item No. 7**

The Board on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

**Registered Office:**

2, Red Cross Place,  
Kolkata – 700 001  
Dated : 30<sup>th</sup> May, 2014

**By order of the Board**

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

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**SOMA TEXTILES & INDUSTRIES LIMITED**  
REGD. OFFICE: 2, RED CROSS PLACE, KOLKATA – 700 001

30<sup>th</sup> May, 2014

## Sub: **Green Initiative in Corporate Governance for Paperless Communication**

To  
The Shareholders

The Ministry of Corporate Affairs (MCA) has recently, 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 20 of the Companies Act, 2013. 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 136 (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 format be kindly forwarded to the email id of Sharepro Services (India) Pvt. Limited i.e. [sharepro.ahmedabad@shareproservices.com](mailto:sharepro.ahmedabad@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](http://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, 2013, 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)



**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 21<sup>st</sup> 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/1<sup>st</sup> 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/1<sup>st</sup> holder (as in Company's records)

Name : \_\_\_\_\_

Present/Correspondence Address:

Permanent Address:

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting their 76<sup>th</sup> Annual Report of the Company, together with the audited accounts for the Financial Year ended 31<sup>st</sup> March, 2014.

### 1. FINANCIAL PERFORMANCE

During the Financial Year under review the business scenario for the Textile Industry was extremely challenging.

The revenue from operations for the year 2013-14 was ₹ 27,292 lacs as compared to ₹ 32,271 lacs in previous year, a decline by 15.43%.

The loss before Prior period, Exceptional item and tax was ₹ 2945 lacs against the previous year loss of ₹ 419 lacs.

The net loss for the year was ₹ 1334 lacs against the previous year net loss of ₹ 166 lacs.

### 2. DIVIDEND

The Board of Directors of your Company do not recommended any dividend on the paid up Equity Share Capital of the Company for the Financial Year under review considering the brought forward losses and loss during the year.

### 3. COTTON

India's cotton production in the current season 2013-2014 is likely to be 382 lacs bales out of which expected exports will be about 112 lacs bales. Availability of good quality fibre is restricted. There is lot of uncertainty about price due to varying estimates about weather conditions and un-certainty about cotton policies in China. There is optimism that because of good quality of Indian yarn export will continue and may grow.

### 4. EXPORT

Your Company's export performance in the year under review has improved from the last year mainly on account of denim fabric export. The FOB value of the exports during the Financial Year was ₹ 5083 lacs against ₹ 3,613 lacs in the previous year.

### 5. ANALYSIS AND REVIEW

Indian Textiles industry is one of the leading sectors of the Indian economy and contributes significantly to the country's industrial output (14%). It employs 35 million people in direct employment and another 20 million in indirect employment, and earns much needed foreign currency with 17% of India's exports coming from Textiles and Garments. Overall, it contributes 4% to India's GDP.

### 6. OPPORTUNITIES AND CHALLENGES

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The growing young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward. The major challenge that the textile and apparel industry is facing is rising production costs, arising out of rising wages, power and interest costs.

### 7. EXPANSION AND MODERNISATION

During the year under review the Company has completed the Denim expansion.

### 8. WITHDRAWAL OF RIGHTS ISSUE

As you are aware that the Company had approved rights issue of equity shares to meet the requirements of CDR sanction with regard to infusion of ₹ 9.75 crores as equity capital by promoters. However, considering the prevailing market conditions, regulatory constraints and the current market quotation of our company's shares besides the fact that the promoters have already brought in the required funds to meet the CDR stipulation, the Company has approached to CDR Empowered Group (CDREG) to consider issue of Redeemable Preference Shares of an aggregate value of ₹ 9.75 crores to the promoters of the company and their group companies instead of making "Rights Issue" to shareholders. The approval has since received by the Company from CDR Empowered Group (CDREG) vide its letter no. CDR/(SSA)/No.183/2013-14 dated 3<sup>rd</sup> June, 2013, for issuance of 0.01% Cumulative Redeemable Non-convertible Preference Shares in lieu of the "Rights Issue" of Equity Shares to the Promoters & Promoters Group Companies, for funding the cost of Capital Debt Restructuring (CDR) Package as stipulated by CDR-Cell, while sanctioned the CDR Package vide its Letter of Approval (LOA) No. BY-CDR(AG) No. 1110/2008-2009 dated 26<sup>th</sup> February, 2009, the Company resolved to issue the said Preference Shares to the promoters and promoters group companies, subject to Shareholders approval which was subsequently obtained at the last Annual General Meeting held on 9<sup>th</sup> September, 2013.



Your Directors therefore, withdraw and revoke the Special Resolutions so passed by Members of the Company for Issue of Equity Shares on Right Basis, at an EOGM held on 7<sup>th</sup> December, 2009.

**8a ISSUE OF PREFERENCE SHARES**

During the year under review, the Company had issued and allotted 975,000 – 0.01% Cumulative Redeemable Non-convertible Preference Shares of ₹100/- each to the Promoters & Promoter Group Companies, in terms of Letter of Approval No. BY-CDR/(SSA)/No.183/2013-14 dated 3<sup>rd</sup> June, 2013, received from Capital Debt Restructuring (Empowered Group), in exercise of the authority and power conferred upon the Board by the Members of the Company by a Special Resolution passed at the Annual General Meeting held on 9<sup>th</sup> September, 2013.

**9. SALE OF BARAMATI UNIT**

As reported in our last year report that the Company has signed the Business Transfer Agreement (BTA) on 1<sup>st</sup> April, 2013, with Messrs GTN Engineering (India) Ltd., a Public Limited Company situated in Hyderabad in the State of Andhra Pradesh, for sale of its cotton spinning Unit at Baramati in Pune in the state of Maharashtra, at a lump-sum consideration of ₹29.80 Crore, of which sum of ₹ 24.75 crores paid to term lenders to reduce the term debt and the balance amount was used towards Gap funding of its modified capital expenditure and other envisaged dues.

Your Company since obtained all the required permissions from the concerned Authorities/Departments, has handed over the physical possessions of its Baramati Unit to M/s. GTN (Energy (India) Ltd.) on 9<sup>th</sup> June, the closing date, as per the terms of BTA, signed by both the parties and paid dues to its lenders and also made payments of other dues, as per the commitment.

**10. CASH FLOW STATEMENT**

As required under Clause 32 of the Listing Agreement with the Stock Exchange(s), in India, a Cash Flow Statement, as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS 3) issued by the Institute of Chartered Accountants of India (ICAI), is given along with Balance Sheet and Statement of Profit and Loss.

**11. INSURANCE**

Your Company's, properties including its Buildings, Plant & Machinery and Stocks among others are adequately insured against fire, flood, earthquake, explosive and other such risks as considered necessary.

**12. INTERNAL CONTROL SYSTEMS**

Your Company has a proper and adequate internal control procedure commensurate with its nature of business and the size of operations to ensure the timely and accurate recordings of financial transactions and adherence, to applicable Accounting Standards, optimum utilization & safety of assets, complying with applicable statutes and compliance with Corporate policy(ies). The Audit Committee periodically interacts with the Management, Internal Auditors and Statutory Auditors and tracks the implementation of corrective actions. The Audit Committee oversees the functions of internal auditor and reviews the audit plans, internal control and internal audit reports, submitted by the internal auditors, to examine and evaluate the adequate and effectiveness of the internal control system to further strengthen the internal control systems and procedures. Significant observations, emanating from the audit are acted upon. The Audit Committee of the Board of Directors comprises the majority of Independent Directors.

**13. FIXED DEPOSITS**

Your Company has not invited or accepted any fixed deposits from Public under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975, during the year under report and as such no amount of principal or interest was outstanding on the date of Balance Sheet.

**14. DIRECTORS****Appointment**

Shri Sunil Chandra Mathur, has been nominated by IDBI Bank Ltd. as its Nominee Director on the Board of the Company effective from 26<sup>th</sup> March, 2014 in place of Shri Anoop Sharma, IDBI's existing nominee on the Board of the Company.

Shri B. K. Hurkat and Shri B. L. Dhoot are Non-Executive Directors on the Board of Directors ('the Board') of the Company. With the enactment of the Companies Act, 2013 ('the Act'), it is now incumbent upon every listed company to have the requisite number of Independent Directors on the Board. The above Directors are being appointed as Independent Directors of the Company under the Act. The Company has received two separate Notices in writing from a Member alongwith requisite deposits of money proposing the aforesaid two directors to the office of Directors under the applicable provisions of the Act. The Board recommends the appointment of Shri B. K. Hurkat and Shri B. L. Dhoot as Independent Directors of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years from the conclusion of Seventy-sixth Annual General Meeting to the conclusion of Eighty-first Annual General Meeting i.e. from the date of this Annual General Meeting upto 28<sup>th</sup> August, 2019.

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Necessary resolutions for obtaining approval of the Members in respect of the above appointments have been incorporated in the notice of the forthcoming Annual General Meeting.

## **Cessation**

IDBI Bank Ltd. (IDBI) has withdrawn Shri Anoop Sharma, as its Nominee Director from the Board of Directors of the Company with effect from 26<sup>th</sup> March, 2014 by simultaneously appointing Shri Sunil Chandra Mathur as its nominee on the Board of the Company.

The Board recorded its appreciation for the services rendered by Shri Anoop Sharma during his association with the Company, as a nominee Director on the Board for and on behalf of IDBI.

## **Rotation**

Shri Shrikant Bhat, Director and the Executive Director of the Company retires at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment. The Board recommends the re-appointment of Shri Shrikant Bhat at the ensuing AGM.

A brief profile of Shri Bhat has been provided in the notice of AGM.

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.

## **15. CORPORATE GOVERNANCE**

Your Company has complied with the requirements under the Corporate Governance reporting system as stipulated in Clause 49 of the Listing Agreement.

A detailed reports on 'Corporate Governance' pursuant to Clause 49 of the Listing Agreement along with an Auditors' Certificate on Compliance with the conditions of Corporate Governance, is annexed to this report, forming part of the Annual Report.

## **16. CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES 2009**

The Ministry of Corporate Affairs, Government of India, has issued a set of 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. These guidelines are recommendatory in nature and are expected to serve as a bench mark for the Corporate Sector and help them in achieving the highest Standard of Corporate Governance. These guidelines are reviewed by the Management from time to time to ensure the adherence of the same voluntarily commensurate with the requirements, best suited to your Company gradually in phases.

## **17. MANAGEMENT DISCUSSION AND ANALYSIS**

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is annexed and forms part of the Directors' Report.

## **18. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company to the best of their knowledge and belief and on the basis of information and explanation obtained from the operating management, hereby states and confirms: –

- (i) that in the preparation of attached Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2014 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, wherever, applicable;
- (ii) that they have selected the Accounting Policies described in notes to accounts, which have been consistently applied, except where otherwise stated 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 on 31<sup>st</sup> March, 2014 and of the loss of the Company for the year ended on that date,
- (iii) that they have taken proper and sufficient care 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) that they have prepared the attached Annual Accounts on a 'going concern' basis.

## **19. AUDITORS**

M/s Pipara & Company, Chartered Accountants, (ICAI Firm Registration No.107929W), who are the Statutory Auditors of Company holds office up to the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment.





In terms of Clause 41(1)(g) of the Listing Agreement the Statutory Auditors are subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI) and to hold a valid certificate issued by "Peer Review of the Board" of ICAI and our Statutory Auditors hold a valid certificate by the Peer Review Board of ICAI.

A Certificate from them has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Sub-Section (1B) of Section 224 of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Board proposes the re-appointment of M/s Pipara & Company, Chartered Accountants, as Statutory Auditors of your Company based on the recommendation of Audit Committee to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting.

## **20. AUDITORS' REPORT**

Notes on accounts, forming part of the Audited Accounts are self-explanatory and do not call for any further comments. There are no qualifications or adverse remarks in the Auditors' Report which require any clarifications/explanations thereof.

## **21. INDUSTRIAL RELATIONS**

Industrial relations, through-out the year under review were cordial and harmonious.

## **22. COST AUDITORS**

In terms of the provisions of Section 233(B) of the Companies Act, 1956 the Board has appointed a firm of Cost Accountants, M/s. N. D. Birla & Co., as Cost Auditors of the Company to conduct the Audit of the Cost Accounts in respect of manufacturing of Textile for the Financial Year ending 31<sup>st</sup> March, 2014 subject to obtaining approval from Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi.

The Company has e-filed the Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2013 vide SRN. S22641278 on 29<sup>th</sup> September, 2013, with Ministry of Corporate Affairs (Cost Audit Branch), New Delhi.

## **23. DEPOSITORY SYSTEMS**

As the Members are aware that the Company's Shares are compulsory traded in dematerialized form, the Company has arrangements with both the Depositories National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), to establish electronic connectivity of its Shares, for trading in dematerialised form.

As on 31<sup>st</sup> March, 2014, 98.36% of the Company's total paid up Capital representing 32,491,931 Equity Shares are in dematerialized form.

In view of the numerous advantages offered by the Depository System, Members holding Shares in Physical mode are advised to avail of the facility of dematerialization from either of the depositories.

## **24. PARTICULARS OF EMPLOYEES**

During the year under report, none of the employees of the Company was in receipt of remuneration for any part of the year, in excess of the amount of remuneration prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

## **25. ADDITIONAL INFORMATION**

The Company is primarily engaged in the business of manufacturing of Cotton Yarn, Denim Fabrics, Shirtings and Garments.

Information on conservation of energy, technology absorption and foreign exchange earnings and Outgo required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, as amended is given in the Annexure and forms part of this Report.

## **26. ACKNOWLEDGEMENT**

Your Directors thanks all the valued Customers, Suppliers, Shareholders, Business Associates, Financial Institutions, Bankers, Government Agencies and other Stakeholders, for their patronage and support and look forward to their continued support in future. We also thank the dedicated and committed team of employees of the Company for their contribution to the Company.

On behalf of the Board

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2014

**(S. K. SOMANY)**  
Chairman

# ANNUAL REPORT 2013-2014

## 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:
  1. Saving in Power Cost through open access by managing @ 95 % Trading Volume of our consumption though variable load i.e. variation in consumption pattern during day / night hours, during starting & ending days of the month etc.
  2. Saving of Steam of 1 Ton / hr & thereby Fuel i.e. reduction in steam load from 14.5 Ton / hr to 13.5 Ton / hr by installation of reqd. PRV, Steam Trapes etc.
  3. Installed Voltage Stabilizers in Lighting load of entire mills by reshuffling of Stabilized load of entire mills without procuring any additional Voltage Stabilizer and thus able to achieve saving due to reduction in Power Consumption.
  4. Installed Variable Frequency Drive in Compressor's Cooling Tower Fan Motor and able to achieve saving due to reduction in Power Consumption.
  5. Installed Variable Frequency Drive in Motors of Exhaust Fan of Polymeriser M/c and able to consistent 180 degree C as well as achieved 25 % gain in speed of the M/c and saving due to reduction in Power Consumption.
  6. Achieved condensate recovery of 50 % from past 35 % and there by saving due to reduction of Fuel, Raw & R.O.water cost.
- 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>
<b>1. a. Purchased</b>		
Unit (in thousands KWH)	<b>32272</b>	50588
Total Amount (₹ in lakhs)	<b>1752</b>	3439.38
Rate / Unit (₹)	<b>5.43</b>	6.80
<b>b. Own Generation</b>		
- Through Diesel / FO Generator Unit (in thousands KWH)	-	-
- Unit per ltr. of Diesel	-	-
- Cost/Unit (₹)	-	-
- Through Steam Turbine /Generator	-	-
<b>2. Coal-Lignite (Specify Quality &amp; where used)</b>		
Quantity (Tons)	<b>14574</b>	14934
Total Cost (₹ in lakhs)	<b>614.72</b>	597.32
Average rate per ton (₹)	<b>4217.94</b>	3999.78
<b>3. Furnace Oil</b>		
Quantity (KL)	-	-
Total Cost (₹ in lakhs)	-	-
Average rate per ltr. (₹)	-	-
<b>4. Light Diesel Oil / High Speed Diesel</b>		
Quantity (KL)	-	-
Total Cost (₹ in lakhs)	-	-
Average rate per ltr. (₹)	-	-
<b>5. CNG</b>		
Quantity (SCM in thousands)	<b>550</b>	525
Total Cost (₹ in lakhs)	<b>277.84</b>	238.78
Average rate per SCM (₹)	<b>50.53</b>	45.49
<b>6. Others /Internal Generation</b>	<b>N.A.</b>	<b>N.A.</b>

**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 conducted so as to meet customer requirements successfully. Product innovation and reengineering has become back bone of any and every professionally run organization. It acts as a tool for construction of sustainable business scenario.

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

- ◆ Improved ring yarn slub patterns so as to service better class of market and customers.
- ◆ Fabric processing route optimization to enhance cost competitiveness of the product.
- ◆ Cotton lycra fabric finishing route optimization to stabilize product physical properties like shrinkage % and stretch %.
- ◆ Launched product capsule as a brand building initiative and product awareness drive.
- ◆ For creation of fashion forward products new initiatives on coating and tinting of the fabrics.

**2. BENEFITS DERIVED AS A RESULT OF R&D**

- ◆ We have registered impressive sales growth in exports of denim fabrics.
- ◆ We have enhanced installed capacity utilization of the Piece Dyed division.
- ◆ We have attuned trusted value supply chain partnership with A class retailers from India.

**3. FUTURE PLAN OF ACTION**

- ◆ To focus on niche segment of specialized fabrics.
- ◆ To attune operational excellence as the means to beef up bottom line of the business.
- ◆ Serious efforts on specialized coating and finishes for better penetration in to domestic as well as international market and escalate product price realization.
- ◆ To give feed back to customer timely it is necessary and helpful to build the trust of customer
- ◆ To introduce the special fiber yarn for better presentation in domestic brands as well as export market.
- ◆ Make a product basket two times yearly for International market to represent and get the maximum order qty in minimum warp sheet.
- ◆ To participate in some of the international fairs so as to showcase our product range and penetrate in to untapped markets.

**4. EXPENDITURE INCURRED ON R&D**

	2013-14	2012-13
a) Capital	-	-
b) Recurring	309.78	170.96
c) Total	309.78	170.96
d) Total R&D Expenditure as percentage of Revenue from Operations	1.11	0.53

(₹ in lacs)

**B. TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION**

- i. Indigo Dyeing Range with sizing plant (Jupiter)
- ii. High speed warping machine with yarn tensioning pneumatic suction devices.(Jupiter)

**C. FOREIGN EXCHANGE EARNING & OUTGO**

Used ₹ 472 lacs (Previous Year ₹ 1817 lacs), Earned ₹ 5083 lacs (Previous Year ₹ 3613 lacs)

On behalf of the Board

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2014

**(S. K. SOMANY)**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE:

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a vital role through its contribution to industrial output, employment generation, and the export earnings of the country.

The sector contributes about 14 per cent to industrial production; 4 per cent to the country's gross domestic product (GDP); 17 per cent to export earnings. It is the second largest provider of employment after agriculture and provides direct employment to over 35 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

#### Opportunities

India's textile sector is aided by several key advantages, in terms of availability of adequate raw material, entrepreneurial skills, large domestic market, presence of supporting industries and supporting policy initiatives from the government.

#### Challenges

The major challenge that the textile industry is facing is rising production costs, arising out of rising wages, power and interest costs.

### 2. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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

### 3. INFORMATION TECHNOLOGY:

IT department has improved process flow defined in SAP ERP system, to reduce unwanted manual work along with error free data consolidation & analysis. Improved reporting has helped management to take vital decisions for the betterment in the performance of the company. To track the ongoing production in better manner, additional process have defined in the system which are being implemented & followed properly. With the increased requirement of users & better faster external communication, IT department has increased internet connectivity speed, availability, reliability & redundancy.

### 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 31<sup>st</sup> March, 2014 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:-

<b>Name of Director</b>	<b>Designation</b>	<b>Category of Directorship</b>	<b>No. of other Directorship held other than STIL (*)</b>	<b>No. of Membership/ Chairmanship/ other Board Committees other than STIL (**)</b>
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
Shri S. C. Mathur (@)	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.

(\$) Appointment as Nominee Director on the Board by IDBI Bank Ltd. w.e.f. 19.04.2010 and nomination withdrawn by IDBI Bank Ltd. w.e.f. 26.03.2014.

(@) Upon withdrawal of nomination of Shri Anoop Sharma by IDBI Bank Limited, Sri S. C. Mathur, has been nominated as nominee Director by IDBI Bank Limited on the Board w.e.f. 26.03.2014.

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As per 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 2013-14, Four (4) Board Meetings were held on 24<sup>th</sup> May, 2013, 29<sup>th</sup> July, 2013, 8<sup>th</sup> November, 2013, and 11<sup>th</sup> February, 2014. The last, 75<sup>th</sup> Annual General Meeting held on 9<sup>th</sup> September, 2013. 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	4	Yes
Shri A. K. Somany	4	No
Shri Shrikant Bhat	4	No
Shri B. L. Dhoot	4	No
Shri B. K. Hurkat	4	Yes
Shri Anoop Sharma	4	No

**(c) Details of shares and convertible instruments held by Non-Executive Directors as on 31<sup>st</sup> March, 2014 :**

As on 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014.

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](http://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 Shrikant Bhat (Shri Bhat), Director of the Company retires by rotation at the ensuing 76<sup>th</sup> Annual General Meeting of the Company and is eligible for re-appointment.

The brief profile of Shri Bhat and his other relevant particulars are furnished in the Notice convening the 76<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 29<sup>th</sup> August, 2014.

### 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 31<sup>st</sup> March, 2014, the Company has five (5) Board level Committees namely the Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee and the Share Transfer Committee.

**A) AUDIT COMMITTEE**

The Board had, at its meeting held on 25<sup>th</sup> 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.

**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 31<sup>st</sup> March, 2014, 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 is Chairman of the Committee. 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. K. Hurkat, who was appointed as the Chairman of the Audit Committee at the Board Meeting held on 29<sup>th</sup> July, 2013, for the limited purpose for attending the 75<sup>th</sup> Annual General Meeting (AGM) due to non-availability of Shri B. L. Dhoot, the Chairman of the Audit Committee because of his health problem/physical illness, attended the 75<sup>th</sup> AGM held on 9<sup>th</sup> September, 2013 to answer shareholders queries and immediately after the conclusion of AGM Shri Hurkat ceased to Chairman of the audit Committee. Shri R. S. Sharma, Company Secretary acts as Secretary to the Committee.

**c) Meetings**

During the financial year 2013-14, four (4) Audit Committee meetings were held on 24<sup>th</sup> May, 2013, 29<sup>th</sup> July, 2013, 8<sup>th</sup> November, 2013 and 11<sup>th</sup> February, 2014. 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 director are given below:-

<b>Name of the Member</b>	<b>Category of Directorship</b>	<b>Status</b>	<b>No. of Meetings attended</b>
Shri B. L. Dhoot	Non-Executive Director – Independent	Chairman	4
Shri S. K. Somany	Non-Executive Director – Promoter	Member	4
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 31<sup>st</sup> 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.

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## 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 31<sup>st</sup> March 2014, 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 24<sup>th</sup> May, 2013 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:-**

(Amount in ₹)

Name of Director	Basic Salary & Allowances	Perquisites	Contribution to PF	Sitting Fees	Total
Shri S. K. Somany	-	-	-	10,000	10,000
Shri A. K. Somany	2,592,000	420,000	311,040	-	3,323,040
Shri Shrikant Bhat	1,658,673	596,220	146,376	-	2,401,269
Shri B. K. Hurkat	-	-	-	10,000	10,000
Shri B. L. Dhoot	-	-	-	10,000	10,000
Shri Anoop Sharma	-	-	-	10,000	10,000

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 22<sup>nd</sup> January, 2014. 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 3(Three) years commencing from 18<sup>th</sup> January, 2013. 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 28<sup>th</sup> June, 2001, constituted the Shareholders' / Investors' Grievance Committee, in terms of Clause 49 of the Listing Agreement.





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 31.03.2014, 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 24<sup>th</sup> May, 2013, 30<sup>th</sup> September, 2013, 31<sup>st</sup> December, 2013 and 31<sup>st</sup> March, 2014. The attendance of members was as follows:

<b>Name of the Member</b>	<b>Category of Directorship</b>	<b>Status</b>	<b>No. of Meetings attended</b>
Shri S. K. Somany	Non-Executive Non-Independent Promoter Director	Chairman	1
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	4
Shri B. K. Hurkat	Non-Executive Independent Director	Member	4
Shri B. L. Dhoot	Non-Executive Independent Director	Member	1

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, which was resolved to the satisfaction of 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 27<sup>th</sup> 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.

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## b) Composition

As on 31<sup>st</sup> March, 2014 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	1
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	13
Shri B. K. Hurkat	Non-Executive Independent Director	Member	13
Shri B. L. Dhoot	Non-Executive Independent Director	Member	1

There were no valid share transfers pending for registration for more than 30 days as on 31.03.2014.

## 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
2012-13	75 <sup>th</sup>	09.09.2013	2-30 P.M.	Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.
2011-12	74 <sup>th</sup>	19.09.2012	2-30 P.M.	- same as above -
2010-11	73 <sup>rd</sup>	02.09.2011	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
9 <sup>th</sup> September, 2013	a) Amendment to Capital Clause in Articles of Association of the Company. b) Issue of Cumulative Redeemable Non-convertible Preference Shares to the Promoters' and/or Promoters Group Companies on Preferential/Private Placement Basis. c) Re-appointment of Shri A. K. Somany, as Managing Director for 3 (Three) years from 22 <sup>nd</sup> January, 2014.d) Commission to Directors of the Company in the event of profits (Other than the Managing and Whole-time Directors).
19 <sup>th</sup> September, 2012	Re-appointment of Shri Shrikant Bhat as Whole-time Director designated as Executive Director for 3 (Three) years from 18 <sup>th</sup> January, 2013.
2 <sup>nd</sup> 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 Section 198 and Section 309 of the Companies Act, 1956 read with Schedule XIII of the Act.

## 6. GREEN INITIATIVES DRIVE BY THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA

The Company, as a responsible corporate citizen welcomes and supports the green initiatives taken by the Ministry of Corporate Affairs, Government of India by as circular, enabling electronic delivery of documents to the shareholders. The Company has sent the communication to the shareholders by electronic mode at their e-mail addresses registered with the Depository/Registrar & Share Transfer Agent and all such communications were immediately uploaded on Company's website.

## 7. 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 31<sup>st</sup> March, 2014.

**(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 requirements 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.

**8. 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](http://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 (MD&A)**

The Management Discussion and Analysis Report is a part of the Annual Report.

**9. GENERAL SHAREHOLDERS' INFORMATION****(i) Annual General Meeting:**

The 76<sup>th</sup> Annual General Meeting is proposed to be held on Friday, the 29<sup>th</sup> August, 2014 at 3:00 P.M. at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.

**(ii) Financial year :**

**2014-2015 (1<sup>st</sup> April to 31<sup>st</sup> March)**

First Quarterly results

Within 45 days of end of June quarter 2014

Second Quarterly Results

Within 45 days of end of September quarter 2014

Third Quarterly Results

Within 45 days of end of December quarter 2014

Audited Financial Results for the year ended 31.03.2014

Within 60 days of end of Financial Year March, 2015

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

Wednesday, the 20<sup>th</sup> August, 2014 to Friday, the 29<sup>th</sup> August, 2014 (both days inclusive).

**(iv) Dividend Payment Date:**

No dividend has been declared by the Company for the financial year 2013-14.

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## (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 2013-14.

(ii) The Calcutta Stock Exchange Association Ltd., has vide its Letter No. CSEA/ID/223/2008 dated 16<sup>th</sup> 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 2013	4.10	3.40	5.31	3.35
May 2013	4.00	4.00	5.51	4.98
June 2013	3.80	3.80	4.74	3.05
July 2013	-	-	3.46	2.55
August 2013	3.80	3.65	3.51	2.83
September 2013	3.65	3.65	3.96	3.24
October 2013	3.80	3.70	3.41	2.95
November 2013	3.55	3.30	3.47	2.92
December 2013	3.50	2.70	3.25	2.66
January 2014	3.50	2.80	3.65	2.95
February 2014	3.45	2.85	3.44	2.67
March 2014	3.00	2.35	2.98	2.40

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

Months	BSE		BSE Index	
	High (₹)	Low (₹)	High	Low
April 2013	5.31	3.35	19,622.68	18,144.22
May 2013	5.51	4.98	20,443.62	19,451.26
June 2013	4.74	3.05	19,860.19	18,467.16
July 2013	3.46	2.55	20,351.06	19,126.82
August 2013	3.51	2.83	19,569.20	17,448.71
September 2013	3.96	3.24	20,739.69	18,166.17
October 2013	3.41	2.95	21,205.44	19,264.72
November 2013	3.47	2.92	21,321.53	20,137.67
December 2013	3.25	2.66	21,483.74	20,568.70
January 2014	3.65	2.95	21,409.66	20,343.78
February 2014	3.44	2.67	21,140.51	19,963.12
March 2014	2.98	2.40	22,467.21	20,920.98

**(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, 4<sup>th</sup> Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad-380 006  
 Phone No. : 079 – 2682381/82/83/84, Fax : 079 - 2658385 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 31<sup>st</sup> March,2014 is given below:

No. of Equity Shares		Shareholders		Shareholding	
From	To	Number	% of total	Number	% of total
1	500	8,727	77.86	1,712,702	5.18
501	1000	1,127	10.05	989,514	3.00
1001	2000	571	5.09	932,604	2.82
2001	3000	239	2.13	623,759	1.89
3001	4000	109	0.97	393,847	1.19
4001	5000	112	1.00	537,165	1.63
5001	10000	171	1.53	1,322,105	4.00
10001	Above	153	1.37	26,521,304	80.29
Total		11209	100.00	33,033,000	100.00

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(b) Shareholding pattern as at 31<sup>st</sup> March, 2014

Category	No. of shares held	% shares holding
Promoters	16,277,241	49.28%
Resident Individuals	8,913,235	26.98%
Private Corporate Bodies	2,725,222	8.25%
Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds	12,344	0.04%
OCBs and NRIs	111,826	0.34%
Foreign Institutional Investors	4,987,000	15.09%
Others (Clearing Members)	6,132	0.02%
<b>Total</b>	<b>33,033,000</b>	<b>100.00%</b>

**(xiv) Dematerialisation of Equity Shares**

Above 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 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014.

Place : Ahmedabad  
Date : 25<sup>th</sup> April, 2014

**(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 Ltd.

We have examined the compliance of conditions of corporate governance by M/s. Soma Textiles & Industries Ltd., for the year ended on 31<sup>st</sup> March 2014, 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 Regn. No. : 107929W

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2014

**GYAN PIPARA**  
(Partner)  
Membership No.034289

**INDEPENDENT AUDITOR'S REPORT**

To,  
The Members of  
Soma Textiles & Industries Limited

**Report On Financial Statements**

1. We have audited the accompanying financial statements of Soma Textiles & Industries Limited (the company), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. **Emphasis of Matter**

- (a) We draw attention to Note 12.2 to the Financial Statements, relating to Account Receivables of Soma Textiles FZC, an associated enterprise of the company, whereby the debtors have requested the company for 2 years cooling period. The amount of such debtors is AED 6,28,38,125/-. We are unable to comment on the said receivables of Soma Textiles FZC, which are deemed to be good by the Independent Auditor of Soma Textiles FZC- 'Business Management World Auditors & Business Consultants'. The company has shown a loan amount of ₹ 9444.17 Lakhs (Previous Year ₹ 8558.24 Lakhs) given to Soma Textile FZC (UAE) out of GDR proceeds, classified as a long term loan. This loan had been advanced by the Company as a Quasi- Equity (Note 12) in addition to the Capital of Soma Textiles FZC. When the said loan was given, the said Company was a wholly owned subsidiary, however, with effect from 31st March, 2010, the Company's holding in this company has diluted from 100% to 40%. In the financial statements of Soma Textile FZC ended as at 31.03.2014 the accumulated loss reflects at AED 585,540 as against Total Capital of AED 9,00,000 (including Statutory Reserves). Our opinion is not qualified in this matter.
- (b) We draw attention to Note 4 'Other Long Term Liabilities' [Non-Current Liabilities] whereby Trade Payables by the company against purchase of goods, to the tune of ₹ 20,43,58,109/-, have been restated as Long Term [Non-Current Liabilities] from its ordinary classification as Short Term [Current Liabilities]. The company has obtained and presented letter of confirmations from its creditors stating that their payment is re-scheduled, becoming due as at April 2015, and that the same is acceptable to these creditors. We have relied upon these confirmation letters as received by the company from its vendors. Our opinion is not qualified in this matter.

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- (c) We draw attention to Note 35 to the Financial Statements, whereby the company has sold its Cotton Spinning Unit at Baramti, Pune to M/s GTN Engineering (India) Ltd. at a Lump-sum consideration of ₹ 29.8 Crores under a Business Transfer Agreement signed on 01<sup>st</sup> April 2013, and the company has handed over the possession of the said unit to M/s GTN Engineering (India) Ltd. on 09th June, 2013. Our opinion is not qualified in this matter.

### 7. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date and;
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

### 8. Attention to the following is invited:

As per the provisions of section 23 of SICA Act, 1985, the Accumulated Losses of the Company as at 31st March, 2014 have resulted in erosion of more than 50% of its peak net worth during the four financial years immediately preceding the financial year ended on 31st March, 2014. Consequently, the Company has become a "Potentially Sick Company" under the said provision.

### 9. Report on Other Legal and Regulatory Requirements

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 of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India 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.

### 10. As required by section 227(3) of the Act, 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 purpose 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 unit of the company for the period upto 9-6-2013 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts along with the audited report of the branch.
- (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- (v) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For PIPARA & COMPANY**  
Chartered Accountants  
Firm Regn. No. : 107929W

**GYAN PIPARA**  
(Partner)

Membership No.034289

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2014



**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets :
- (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 fixed assets disposed off during the year, including the Sale of Cotton Spinning Unit of Baramati, in our opinion, although constituted a division of the company, such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
- (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 and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories. 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 2014 was ₹ 9444.17 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 lacs)

Opening Balance	500
No. of Parties involved :	1
Maximum Amount Involved during the year :	50
Amount Outstanding as on 31.03.2014 :	562

- (f) Interest free unsecured loan has been taken from promoters to fulfill stipulation of Financial Institutions 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) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in Register maintained in pursuance Section 301 of Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us :
- (a) The particulars of contracts or arrangements referred to in section 301 that need to be entered in the Register maintained under the said Section have been so entered.
- (b) where each of such transaction is in excess of Rs. Five Lakhs in respect of any party, the transaction have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public thus, the Provisions of the section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under 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 adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and are of opinion that, prima facie, the prescribed accounts & records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to information and explanation given to us in respect of statutory dues:
- (a) According to the information and explanations given to us, and on the basis of our examination of the books of accounts, the Company has generally been regular in depositing the undisputed statutory dues including Income-

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Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty, Cess and other material Statutory dues during the period with the appropriate authorities. At the end of the year, there were no undisputed amount payable for a period of more than six months from the date they became payable.

- (b) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31.03.2014 on account of dispute are given below:

Name of Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which it relates	Forum where dispute is pending
Central Excise Act, 1944	Recovery of GEN VAT	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
Central Excise Act, 1944	Recovery of transitional Cenvat	5.81	2012-13	CESAT, West Zone, Ahmedabad (Appeal)
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 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 accumulated loss of the Company at the end of the financial year exceeds fifty percent of its net worth and also the company has incurred cash losses in the current financial year.
- (xi) Company is under Corporate Debt Restructuring (CDR) package under scheme of RBI which was duly approved and implemented. In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of dues to financial institution and banks.
- (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 the provisions of clause 4(xii) of the order are not applicable to the Company.
- (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) In our opinion and according to the information and explanations given to us and management representation received, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the explanations given to us and management representation received the term loans were applied only for the purpose for which they were obtained.
- (xvii) In our opinion, and according to the information & explanations given to us and management representation received, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment .
- (xviii) According to the information & explanations given to us, during the period under our audit report, the Company has not allotted any shares on preferential basis to the parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued debentures.
- (xx) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For PIPARA & COMPANY**  
Chartered Accountants  
Firm Regn. No. : 107929W

**GYAN PIPARA**  
(Partner)

Membership No.034289

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

(₹ in lakhs)

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	4,297.75	3,322.75
(b) Reserves and surplus	2	1,925.09	3,258.88
<b>Share application money pending allotment</b>		-	975.00
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	5,643.98	8,132.36
(c) Other Long term liabilities	4	2,244.92	201.44
(d) Long-term provisions	5	385.78	429.51
<b>Current liabilities</b>			
(a) Short-term borrowings	6	11,471.28	10,071.95
(b) Trade payables		1,719.17	3,247.56
(c) Other current liabilities	7	2,207.75	2,912.96
(d) Short-term provisions	8	102.84	111.28
<b>TOTAL</b>		<b>29,998.56</b>	<b>32,663.69</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		7,035.30	10,096.28
(ii) Intangible assets		72.89	88.02
(iii) Capital work-in-progress		24.46	212.82
(b) Non-current investments	10	34.42	34.42
(c) Deferred tax assets (net)	11	550.08	133.08
(d) Long-term loans and advances	12	9,630.70	8,716.90
(e) Other non-current assets	13	13.86	94.02
<b>Current assets</b>			
(a) Inventories	14	6,877.59	7,068.72
(b) Trade receivables	15	4,306.76	4,811.20
(c) Cash and cash equivalents	16	324.31	285.64
(d) Short-term loans and advances	17	73.42	185.94
(e) Other current assets	18	1,054.77	936.65
<b>TOTAL</b>		<b>29,998.56</b>	<b>32,663.69</b>

Significant accounting policies and notes 1 to 36 form an integral part of the financial statements

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 : 30<sup>th</sup> May, 2014

**A. K. SOMANY** Managing Director**R. S. SHARMA** Company Secretary

# ANNUAL REPORT 2013-2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in lakhs)

Particulars	Note	2013-14	2012-13
I. Revenue from operations (Gross)	19	27,292.64	32,433.47
Less: Excise Duty		-	(162.18)
		<u>27,292.64</u>	<u>32,271.29</u>
II. Other income	20	499.12	687.24
III. <b>Total Revenue (I + II)</b>		<u>27,791.76</u>	<u>32,958.53</u>
IV. <b>Expenses:</b>			
Cost of materials consumed	21	17,313.38	19,388.87
Changes in inventories of finished goods and work-in-progress	22	(50.60)	(869.82)
Employee benefits expense	23	2,275.88	2,251.72
Finance costs	24	2,361.64	2,426.45
Depreciation	9	1,316.15	1,601.40
Other expenses	25	7,520.15	8,578.44
<b>Total expenses</b>		<u>30,736.60</u>	<u>33,377.06</u>
V. <b>Profit/(Loss) before Prior Period, Exceptional Item and Tax</b>		<u>(2,944.84)</u>	<u>(418.53)</u>
VI. Prior Period Items - (Expense)/Income	26	(14.08)	(10.55)
VII. Exceptional items	27	865.97	524.05
VIII. <b>Profit/(Loss) before extraordinary items and tax</b>		<u>(2,092.94)</u>	<u>94.97</u>
IX. Extraordinary Items		324.06	-
X. <b>Profit/(Loss) before tax</b>		<u>(1,768.89)</u>	<u>94.97</u>
XI. Tax expense:			
Current Tax		-	(18.10)
MAT Credit		18.10	
Deferred tax		417.00	(243.00)
XII. <b>Profit/(Loss) for the period</b>		<u>(1,333.79)</u>	<u>(166.13)</u>
XIII. <b>Earnings per equity share:</b>			
(1) Basic	28	(4.04)	(0.50)
(2) Diluted	28	(4.04)	(0.50)

Significant accounting policies and notes 1 to 36 form an integral part of the financial statements

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 : 30<sup>th</sup> May, 2014

**A. K. SOMANY** Managing Director

**R. S. SHARMA** Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(Pursuant to the listing agreement with Stock Exchanges)

(₹ in lakhs)

	2014	2013
<b>A Cash flow from operating activities :</b>		
Profit/(Loss) before prior period items/exceptional items & tax	<b>(2,620.78)</b>	(418.53)
Adjustment for:		
- Depreciation	<b>1,316.15</b>	1,601.40
- Profit on sale of fixed assets	<b>(422.62)</b>	(54.20)
- Interest (Net)	<b>2,361.64</b>	2,426.45
	<b>3,255.17</b>	3,973.65
Operating profit/(Loss) before working capital changes	<b>634.39</b>	3,555.12
Adjustment for :		
- Trade receivables	<b>527.92</b>	(1,812.43)
- Other receivables	<b>(890.34)</b>	(879.31)
- Inventories	<b>191.13</b>	(740.08)
- Trade payables	<b>(1,967.14)</b>	2,052.08
	<b>(2,138.43)</b>	(1,379.73)
Cash generated from operations	<b>(1,504.04)</b>	2,175.39
- Direct Taxes paid	<b>18.10</b>	(18.10)
	<b>18.10</b>	(18.10)
Cash flow before prior period items/exceptional items	<b>(1,485.94)</b>	2,157.29
- Prior period items	<b>(14.08)</b>	(10.55)
- Exceptional items	<b>865.97</b>	524.05
<b>Net Cash flow from operating activities</b>	<b>(634.05)</b>	2,670.80
<b>B Cash flow from investing activities :</b>		
- Purchase of fixed assets	<b>(793.63)</b>	(928.46)
- Sale of fixed assets	<b>3,164.52</b>	105.99
- Interest received	<b>68.66</b>	112.44
<b>Net cash from investing activities</b>	<b>2,439.55</b>	(710.04)
<b>C Cash flow from financing activities :</b>		
- Total proceeds from borrowings (net of repayments)	<b>(1,267.24)</b>	152.29
- Interest paid	<b>(2,443.59)</b>	(2,546.57)
- Trade Deposits	<b>(0.10)</b>	200.00
- Trade Payables- other than acceptances	<b>2,043.58</b>	-
- Unsecured loan from promoters	<b>(182.00)</b>	244.00
<b>Net cash from financing activities</b>	<b>(1,849.35)</b>	(1,950.28)
Net increase in cash and cash equivalents (A+B+C)	<b>(43.85)</b>	10.48
Cash and cash equivalent as on 01.04.2013 (opening balance)	<b>62.77</b>	52.29
Cash and cash equivalent as on 31.03.2014 (closing balance)	<b>18.92</b>	62.77

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 : 30<sup>th</sup> May, 2014

**For and on behalf of the Board**

**S. K. SOMANY** Chairman

**A. K. SOMANY** Managing Director

**R. S. SHARMA** Company Secretary

# ANNUAL REPORT 2013-2014

## SIGNIFICANT ACCOUNTING POLICIES

### 1 Basis of preparation :

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, 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 Statement of Profit and Loss.
- (c) Export incentives are accounted in the year of export.
- (d) Any fluctuation, on account of a capital asset/ liability are accounted in that relevant accounting head.

### 3 A) Fixed assets :

- (a) Fixed Assets are stated at cost, net of accumulated depreciation and impairment loss, if any. 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.
- (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 and is represented at their Net off values.

### 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. The depreciation on assets of Baramati Unit have been charged till the date these assets were under ownership of the Company.

### 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 Baramati Unit:

Under Slump Sale, Baramati Unit has been handed over to To M/s GTN Engineering (India) Ltd at a value of ₹29.80 crores as against the Book value of ₹ 26.56 crores. In this process, M/s GTN Engineering (India) Ltd. did not take over the liabilities and creditors as as on 09.06.2013 (the day of handover and transfer).

### 6 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.

**7 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 money receivable and money payable denominated in foreign currencies, are recognised in the Statement of Profit and Loss.
- (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 Statement of Profit and Loss, as per AS-11.
- (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 Statement of Profit and Loss 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.

**8 Use of estimates :**

The preparation of financial statement in conformity with generally accepted accounting principles 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. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which these results are known/ materialised.

**9 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.

**10 Employee benefits :**

- (a) Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

**11 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.

**12 Treatment of contingent liabilities :**

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

**13 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.

# ANNUAL REPORT 2013-2014

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		(₹ in lakhs)	
		As at	As at
		31st March, 2014	31st March, 2013
<b>1</b>	<b>Share Capital</b>		
	<b>Authorised</b>		
	40,000,000 (Previous year 50,000,000) Equity Shares of ₹ 10 each	4,000.00	5,000.00
	1,000,000 0.01% Cumulative Redeemable Non -convertible Preference Shares of ₹ 100 each	1,000.00	-
	<b>Issued</b>		
	33,418,300 (Previous year 33,418,300) Equity Shares of ₹10 each	3341.83	3341.83
	975,000 (Previous year NIL) 0.01% Cumulative Redeemable Non -convertible Preference Shares of ₹ 100 each	975.00	-
	<b>Subscribed &amp; Paid up</b>		
	33,033,000 (Previous year 33,033,000) Equity Shares of ₹10 each	3,303.30	3,303.30
	975,000 (Previous year NIL) 0.01% Cumulative Redeemable Non -convertible Preference Shares of ₹ 100 each *	975.00	-
	*During the year 975000 (previous year Nil) - 0.01% Cumulative Redeemable Non-Convertible Preference Shares of the face value of ₹ 100 each were issued on 8th November, 2013 to the Company's Promoters and Promoter's Group companies, for cash at par aggregating to ₹ 975 lacs in proportion to their contribution/share application money received from them in compliance with the stipulation prescribed under the Capital Debt Restructuring (CDR) Scheme, sanctioned by CDR Cell to the Company vide LOANo. CDR (AG) No. 1110/2008-2009 dated 26th February, 2009 read with their further approval no. BY. CDR/SSA/No. 183/2013-14 dated 3rd June, 2013, for funding the Cost of Capital Restructuring (CDR) Scheme.		
	<b>Add:</b>		
	<b>Subscribed and not paid up</b>		
	385,300 (previous year 385,300) equity shares of ₹ 10 each partly paid up ₹ 5 each forefieted in the year 1996-97	19.45	19.45
	<b>Total</b>	<b>4,297.75</b>	<b>3,322.75</b>

**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 Companies Act 1956.

**1.2** The Company has only one class of Preference shares having a par value of ₹ 100 each. The holders of the Preference Shares shall have a preferential right to receive dividend, at a specified rate on the paid-up Capital including right to receive arrears of cumulative dividends, remaining due on such shares, Other than as permitted under Section 87 and other applicable provisions, if any, of the Companies Act, 1956, the holders of Preference Shares do not have any right to vote at the Company's General ( Shareholders) Meeting. They have all such other rights as available to the Preference Shareholders under the provisions of Companies Act, 1956, read with Memorandum & Articles of Association of the Company, as applicable.

In the event of winding up, the holders of preference shares will be entitled to receive in proportion to the number of shares held at the time of Commencement of winding up, any of the remaining assets of the Company, if any, after distribution to all secured creditors and the Preference Shareholders right to receive monies out of the remaining assets shall be reckoned, pari passu with other unsecured creditors however in priority to the Equity Shareholders. The preference Shares shall be redeemed at par, at the option of the Company,at anytime within 20 years from the date of issue .The Board of Directors of the Company, at its discretion reserves the rights to redeem the said Preference shares, earlier.





1.3 Reconciliation of the number of shares outstanding as at 31st March, 2014 and 31st March, 2013 is set out below:-

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>a) Equity Shares</b>		
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	-	-
Shares at the end of the Year	33,033,000	33,033,000
<b>b) 0.01% Cumulative Redeemable Non -convertible Preference Shares</b>		
Shares at the beginning of the Year	-	-
Add: Shares issued during the year	975,000	-
Less: Shares Redeemed during the year	-	-
Preference Shares at the end of the Year	975,000	-

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

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>a) Equity Shares</b>				
Krishnaa Glass Private Limited	8,297,716	25.12	6,677,716	20.22
Sarvopari Investment Private Limited	4,007,244	12.13	4,007,244	12.13
Mavi Investment Fund Limited	4,986,600	15.10	6,606,600	20.00
Surendra Kumar Somany	3,068,274	9.29	3,068,274	9.29
<b>b) Preference Shares</b>				
Krishnaa Glass Private Limited	345,000	35.38	-	-
Sarvopari Investment Private Limited	580,000	59.49	-	-
Surendra Kumar Somany	50,000	5.13	-	-

1.5 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, 2014	As at 31st March, 2013
<b>a. Capital Reserves</b>		
As per last Balance Sheet	0.57	0.57
<b>b. Securities Premium Account</b>		
As per last Balance Sheet	8,713.65	8,713.65
<b>c. Debenture Redemption Reserve</b>		
As per last Balance Sheet	77.00	77.00
<b>d. General Reserve</b>		
As per last Balance Sheet	18.58	18.58
<b>e. Surplus</b>		
As per last Balance Sheet	(5,550.92)	(5,384.79)
Profit/(Loss) for the period	(1,333.79)	(166.13)
Closing Balance	(6,884.71)	(5,550.92)
<b>Total</b>	<b>1,925.09</b>	<b>3,258.88</b>

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## 3 Long term borrowings

(₹ in lakhs)

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
(a) Debentures	49.97	26.57	84.93	32.07
308,000 (Previous Year 308,000 ) 15% Secured Redeemable Non Convertible Debentures of ₹ 100/- each - Refer Note:3.1a & 3.2a				
(b) <b>Term loan from Banks</b>				
Rupee Term Loan	3944.27	1546.19	5951.10	1735.47
Refer Note: 3.1b & 3.2(a,b and C)				
Derivative Rupee Term Loan	238.39	136.27	382.54	136.27
Refer Note: 3.1b & 3.2d				
<b>FITL:</b>				
- on Debentures	20.92	2.89	24.68	3.55
Refer Note: 3.1c & 3.2(a,b and c)				
- on Term Loans	50.18	6.24	57.33	7.16
Refer Note: 3.1c & 3.2(a,b and c)				
- on Working Capital	452.80	38.21	533.55	73.88
Refer Note: 3.1c & 3.2(a,b and c)				
- on Derivative Loans	57.15	8.16	66.33	8.16
Refer Note: 3.1c & 3.2d				
<b>Interest on FITL:</b>				
- on Debentures	10.26	-	8.40	-
Refer Note: 3.1c & 3.2(a,b and c)				
- on Term Loans	23.60	-	18.98	-
Refer Note: 3.1c & 3.2(a,b and c)				
- on working capital	215.39	-	174.67	-
Refer Note: 3.1c & 3.2(a,b and c)				
- on Derivative Loans	3.56	-	2.85	-
Refer Note: 3.1c & 3.2d				
(c) <b>Term loan from others</b>	11.50	24.13	35.63	26.60
Refer Note: 3.1 (e) & 3.2 (e)				
<b>Other loans and advances (Unsecured)</b>				
Deferred payment liabilities	-	-	43.40	-
Leasehold Liability	4.00	-	3.96	-
Unsecured Loans from Promoters	562.00	-	744.00	-
<b>Total</b>	<b>5643.98</b>	<b>1788.66</b>	<b>8132.36</b>	<b>2023.16</b>

### 3.1 Repayment:

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

	IDBI	ICICI
Rate of Interest	9%	14.82%
Repayment	(₹ in lakhs)	(₹ in lakhs)
2014-15	17.90	8.66
2015-16	20.56	11.55
2016-17	11.43	6.44



- 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.
- e) Repayment in 36 monthly instalments.

**3.2 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 A K 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
- e) Secured by way of hypothecation of Vehicle financed.

3.3 The Company has defaulted in repayment of loans and interest in respect of the following: **(₹ in lakhs)**

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Duration	Amount	Duration	Amount
Debtentures				
Principal	.	.	<b>1 day</b>	<b>2.89</b>
Interest	.	.	<b>1 day</b>	<b>0.59</b>
	.	.	<b>32 days</b>	<b>0.57</b>
	.	.	<b>60 days</b>	<b>0.62</b>
Term loans from banks				
Principal	.	.	<b>1 day</b>	<b>264.68</b>
Interest	.	.	<b>1 day</b>	<b>57.39</b>
	.	.	<b>17days</b>	<b>1.08</b>
	.	.	<b>31 days</b>	<b>23.45</b>
	.	.	<b>32 days</b>	<b>25.92</b>
	.	.	<b>45 days</b>	<b>1.18</b>
	.	.	<b>59 days</b>	<b>25.71</b>
	.	.	<b>60 days</b>	<b>16.68</b>
	.	.	<b>76 days</b>	<b>0.80</b>
Derivative Rupee Term Loan				
Principal	.	.	<b>1 day</b>	<b>34.07</b>
Interest	.	.	<b>1 day</b>	<b>3.34</b>
	.	.	<b>32 days</b>	<b>3.15</b>
	.	.	<b>60 days</b>	<b>3.42</b>
FITL				
Principal	.	.	<b>1 day</b>	<b>7.24</b>
Interest	.	.		
TOTAL				
Principal	.	.		<b>308.88</b>
Interest	.	.		<b>163.89</b>

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## 4 Other long term liabilities

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Trade Deposits	200.07	200.17
Trade Payables- other than acceptances	2,043.58	-
F.C.D. Application Money Refund A/C	1.27	1.27
<b>Total</b>	<b>2,244.92</b>	<b>201.44</b>

## 5 Long term provisions

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Provision for employee benefits</b>		
Gratuity	385.78	429.51
<b>Total</b>	<b>385.78</b>	<b>429.51</b>

## 6 Short term borrowings

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From Banks (Working Capital)	11,471.28	10,071.95
<b>Total</b>	<b>11,471.28</b>	<b>10,071.95</b>

- 6.1 Working Capital Loans are secured by first pari passue 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.
- 6.2 Working Capitals Loans are additionally secured by personal guarantees of Shri S. K. Somany-Chairman and Shri A. K. Somany-Managing Director of the Company.
- 6.3 Working Capital loans are also secured by pledge of 25 lacs 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.

## 7 Other current liabilities

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term debt	1788.66	2023.16
Interest accrued but not due on borrowings	24.90	33.51
Interest accrued and due on borrowings	36.35	162.10
Creditors for Capital Expenditure	-	69.57
Outstanding Liabilites	95.39	320.19
Advances received for sale of Commercial Units	71.38	23.75
Other payables*	191.08	280.68
<b>Total</b>	<b>2,207.75</b>	<b>2,912.96</b>

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



**8 Short term provision**

(₹ in lakhs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Provision for employee benefits</b>		
Bonus	11.20	14.77
Leave with wages	34.74	42.93
Gratuity Provision	56.90	35.48
<b>(b) Provision for taxation</b>	-	18.10
<b>Total</b>	<b>102.84</b>	<b>111.28</b>

**9 Fixed assets**

(₹ in lakhs)

Particulars	Gross Block			Accumulated Deprecation				Net Block		
	Balance as at 1st April, 2013	Additions	Deletions / Adjustments	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Charge for the Year	Deletions / Adjustments	Balance as at 31st March, 2014	As at 31st March 2014	As at 31st March 2013
<b>(i) Tangible assets</b>										
Freehold land	29.82	-	25.65	4.17	-	-	-	-	4.17	29.82
Leasehold land	1.08	-	0.00	1.08	-	-	-	-	1.08	1.08
Freehold buildings	3253.12	56.81	908.86	2401.07	1049.26	75.87	525.08	600.05	1801.01	2203.87
Leasehold buildings	9.31	-	-	9.31	0.95	0.15	-	1.10	8.21	8.36
Plant and equipment	22211.79	892.17	8866.34	14237.61	14630.29	1196.26	6580.41	9246.13	4991.48	7581.51
Furniture and fixtures	102.65	6.05	37.63	71.07	72.76	2.77	33.05	42.48	28.59	29.89
Vehicles	225.60	19.07	40.79	203.88	60.68	19.42	17.49	62.61	141.26	164.92
Office equipment	280.43	7.90	78.92	209.40	203.58	6.54	60.21	149.91	59.49	76.84
Others (specify nature)										
<b>Total tangible assets</b>	<b>26113.80</b>	<b>981.99</b>	<b>9,958.20</b>	<b>17,137.59</b>	<b>16017.51</b>	<b>1301.02</b>	<b>7216.24</b>	<b>10,102.29</b>	<b>7035.30</b>	<b>10096.28</b>
<b>(ii) Intangible assets</b>										
Computer software	153.90	-	-	153.90	65.88	15.14	-	81.01	72.89	88.02
<b>Total Intangible assets</b>	<b>153.90</b>	<b>-</b>	<b>-</b>	<b>153.90</b>	<b>65.88</b>	<b>15.14</b>	<b>-</b>	<b>81.01</b>	<b>72.89</b>	<b>88.02</b>
<b>(iii) Capital work in progress</b>	212.82	24.46	212.82	24.46	-	-	-	-	24.46	212.82
<b>Total</b>	<b>26,480.52</b>	<b>1,006.46</b>	<b>10,171.02</b>	<b>17,315.95</b>	<b>16,083.39</b>	<b>1,316.15</b>	<b>7,216.24</b>	<b>10,183.31</b>	<b>7,132.64</b>	<b>10397.12</b>

**10 Non-current investment (Unquoted)**

(₹ in lakhs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Other Investments</b>		
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 )		
<b>Total</b>	<b>34.42</b>	<b>34.42</b>

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## 11 Deferred tax assets (net)

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Deferred Tax Assets</b>		
Carry forward Business losses and Un-absorbed depreciation	1,237.78	1,388.36
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	687.70	1,255.28
<b>Deferred Tax Assets (net)</b>	<b>550.08</b>	<b>133.08</b>

## 12 Long term loans and advances (unsecured, considered good)

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Security Deposits	129.98	87.51
Capital Advances	-	27.23
Income Tax Advance	38.45	43.92
MAT credit Entitlement	18.10	-
Soma Textiles FZC Loan Account (Refer Note 12.1 and 12.2)	9,444.17	8,558.24
<b>Total</b>	<b>9,630.70</b>	<b>8,716.90</b>

**12.1** The Company out of the GDR issue proceeds had made an investment of USD 15 million, which as on 31st March, 2014 is equivalent to INR ₹ 9,444.17 lakhs( Previous Year INR ₹ 8,558.24 lakhs) , by way of long term loan 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 38,107 (Previous Year Profit of AED 32,399).The accumulated loss incurred as on 31st March, 2014 is AED 585,540 (Previous Year AED 623,647 ) as per audited accounts, as certified by Business Management World Auditors & Business Consultants, independent Auditors.

**12.2** The auditor of the Company Business Management World Auditors & Business Consultants,independant Auditors has reported that all the Accounts Receivables have been deemed to be good . Major debtors have requested the Company for cooling period of 2 years i.e till March 2016 to pay outstanding receivables due to slow down in economy and weak financial position, which Company has agreed . Improvement in the financial health and general economy may take some more time.

## 13 Other non-currrent assets (unsecured, considered good)

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Duties, Claims & Other Receivables	12.36	69.03
Trade Receivables	-	23.49
in Debenture account (refund)	1.50	1.50
<b>Total</b>	<b>13.86</b>	<b>94.02</b>

**14 Inventories**

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Raw Materials	910.36	1,011.72
Raw Materials in transit	0.12	22.72
Work-in-progress	3,391.69	3,348.63
Finished goods	1,977.55	1,941.63
Stores and spares	587.41	705.19
Waste	10.46	38.83
<b>Total</b>	<b>6,877.59</b>	<b>7,068.72</b>

**15 Trade receivables**

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Outstanding for a period exceeding six months:		
Unsecured	15.55	1.19
Other Debts:		
Secured	2,068.73	1,919.94
Unsecured	2,222.48	2,890.07
<b>Total</b>	<b>4,306.76</b>	<b>4,811.20</b>

**16 Cash and cash equivalents**

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Cash and cash equivalents		
Balances with Banks	16.40	60.17
Cash on hand	2.52	2.60
	<b>18.92</b>	<b>62.77</b>
Other Bank Balances		
Margin money	286.40	218.61
Bank Deposits	18.99	4.26
<b>Total</b>	<b>324.31</b>	<b>285.64</b>

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

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

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Advances recoverable in cash or in kind or for value to be received	35.92	148.48
Balance with Central Excise in Current Account	37.50	37.46
<b>Total</b>	<b>73.42</b>	<b>185.94</b>

## 18 Other current assets

	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Export Incentive Receivable	607.36	513.03
Duties, Claims & Other Receivables	263.26	237.70
Interest Receivable under TUF Scheme	169.79	176.24
Interest Accrued	14.36	9.68
<b>Total</b>	<b>1,054.77</b>	<b>936.65</b>

## 19 Revenue from operations (Gross)

	(₹ in lakhs)	
	2013-14	2012-13
a) Sale of products	26,511.65	31,519.28
b) Other operating revenues		
(i) Export Incentive	392.25	267.60
(ii) Waste and Scrap Sale	388.74	646.59
	<b>780.99</b>	<b>914.19</b>
<b>Total</b>	<b>27,292.64</b>	<b>32,433.47</b>

### Detail of sales of Products:

	(₹ in lakhs)	
	2013-14	2012-13
Cloth	22,771.68	22,638.02
Yarn*	1,061.73	6,853.66
Garment	2,678.24	2,027.60
<b>Total</b>	<b>26,511.65</b>	<b>31,519.28</b>

\* During the year the Company has handed over the physical possessions of its Baramati Unit to M/s. GTN Engineering (India) Ltd. on 9th June 2013, due to disposal of Baramati Unit, the Company's Sales have witnessed reduction in Sale of Yarn.

## 20 Other income

	(₹ in lakhs)	
	2013-14	2012-13
Rent	17.05	0.69
Insurance & Other claims	32.18	95.39
Interest Incentive under TUF Scheme	285.38	414.78
Profit on Sale of Fixed Assets (Net)	98.56	54.20
Miscellaneous Receipts	12.11	34.64
Foreign Exchange Rate Difference	53.83	87.54
<b>Total</b>	<b>499.12</b>	<b>687.24</b>



**21 Cost of Materials consumed**

	(₹ in lakhs)	
	2013-14	2012-13
Opening Stock	1,034.44	1,261.78
Add: Purchases	17,306.62	19,223.92
	<b>18,341.06</b>	20,485.70
Less : Sales	117.20	62.39
Closing Stock	910.48	1,034.44
<b>Consumption</b>	<b>17,313.38</b>	19,388.87

**Imported and Indigeneous Raw materials consumed**

	2013-14	2012-13
Imported	16.24	1,587.22
Indigenous	17,297.14	17,801.65
<b>Total</b>	<b>17,313.38</b>	19,388.87

**Detail of Raw Material consumed**

	2013-14	2012-13
Cotton	4,902.61	8,438.01
Cotton Yarn	6,837.12	6,073.39
Man Made Fibre	-	189.01
Polyester Yarn	917.69	1,551.63
Cloth Purchases	4,404.38	2,967.99
Garment material	251.57	168.84
<b>Total</b>	<b>17,313.38</b>	19,388.87

**22 Changes in Inventories of Finished Goods and Work-In-Progress**

	(₹ in lakhs)	
	2013-14	2012-13
<b>Opening Stock:</b>		
Finished Goods	1,980.46	1,463.46
Work-in-progress	3,348.64	2,995.82
	<b>5,329.10</b>	4,459.28
<b>Closing Stock:</b>		
Finished Goods	1,988.01	1,980.46
Work-in-progress	3,391.69	3,348.64
	<b>5,379.70</b>	5,329.10
<b>Total</b>	<b>(50.60)</b>	(869.82)

**23 Employee Benefits Expenses**

	(₹ in lakhs)	
	2013-14	2012-13
Salaries and Wages	1,972.54	1,995.64
Contribution to Provident and Other Funds	130.90	123.97
Staff Welfare Expenses	172.44	132.11
<b>Total</b>	<b>2,275.88</b>	2,251.72

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23.1 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)	
	2013-14	2012-13
Contribution to Employees' Provident Fund	78.47	65.54
Contribution to Pension Fund	36.07	34.78
Contribution to Labour Welfare Fund	3.95	7.21
EDLI Charges	0.05	0.04
Administration Charges of Provident Fund	9.33	8.09
<b>Total</b>	<b>127.86</b>	<b>115.66</b>

#### 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	2013-14	2012-13
Present value of Defined Benefit Obligation as at 31st March, 2013	439.14	353.35
Interest Cost	33.78	28.94
Current Service Cost	23.97	24.86
Past Service Cost	-	8.13
Benefit paid	(44.36)	(25.82)
Net Actuarial Gain / (Loss)	(11.76)	49.68
Present value of Defined Value Obligation as on 31st March, 2014	440.77	439.14

#### Reconciliation of fair value of Plan Assets.

Fair value of Plan Assets as at 31st March, 2013	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, 2014	NIL	NIL

#### Actuarial Assumptions

Discount rate as on 31st March, 2014	9.00%	8.10%
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)	
	2013-14	2012-13
Defined Benefit Obligation as on 31st March, 2014	34.74	36.70
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)	
	2013-14	2012-13
Contribution to Employees' Provident Fund	1.14	6.87
Contribution to Pension Fund	1.54	5.28
Contribution to Labour Welfare Fund	-	0.09
EDLI Charges	0.09	0.32
Administration Charges of P.F.	0.27	1.02
<b>Total</b>	<b>3.04</b>	<b>13.58</b>

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

	<b>Gratuity</b>	<b>Leave Encashment</b>	Gratuity	Leave Encashment
	<b>2013-14</b>	<b>2013-14</b>	2012-13	2012-13
Opening DBO as on April 1, 2013	<b>25.85</b>	<b>6.23</b>	25.45	5.38
Benefits paid during the year	<b>0.29</b>	<b>4.27</b>	4.49	0.96
Closing DBO as on June 09, 2013	<b>25.83</b>	<b>1.96</b>	25.85	6.23
Expenses recognized in the Profit & Loss Account	<b>3.00</b>	<b>1.87</b>	4.89	1.80
Assets/(Liabilities) recognized in the Balance Sheet as on June 9, 2013	<b>28.56</b>	<b>3.84</b>	25.85	6.23

**Actuarial assumptions :**

	<b>2014</b>	2013
Discount Rate	<b>7.50% p.a.</b>	8.50% p.a.
Salary Escalation Rate	<b>9% p.a.</b>	9% p.a.
Mortality Table	<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
Attrition Rate	<b>6% p.a.</b>	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.

\* During the year the Company has handed over the physical possessions of its Baramati Unit to M/s. GTN Engineering (India) Ltd. on 9th June 2013, related Contribution plan has been taken over by M/s. GTN Engineering (India) Ltd.

**24 Finance cost** **(₹ in lakhs)**

	<b>2013-14</b>	2012-13
Interest expense	<b>2,197.13</b>	2,191.18
Other borrowing costs	<b>164.51</b>	235.27
<b>Total</b>	<b>2,361.64</b>	2,426.45

**25 Other expenses** **(₹ in lakhs)**

	<b>2013-14</b>	2012-13
Consumption of stores and spares	<b>3,306.24</b>	3,025.90
Power and Fuel	<b>2,644.72</b>	4,241.01
Rent	<b>3.09</b>	3.01
Repairs to Building	<b>20.07</b>	33.93
Repairs to Machinery	<b>288.00</b>	260.85
Repairs to Others	<b>5.07</b>	9.44
Job Work Charge	<b>248.93</b>	90.56
Insurance	<b>45.95</b>	42.84
Rates and Taxes	<b>35.21</b>	24.54
Payments to Auditors	<b>13.28</b>	18.86
Miscellaneous expenses	<b>909.59</b>	827.50
<b>Total</b>	<b>7,520.15</b>	8,578.44

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

	<b>2013-14</b>	2012-13
Imported	<b>490.48</b>	447.61
Indigenous	<b>2,815.76</b>	2,578.29
<b>Total</b>	<b>3,306.24</b>	3,025.90

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25.2 Payments to the auditors	(₹ in lakhs)	
	2013-14	2012-13
- As Auditor	5.87	7.04
- For Taxation Matters	5.11	7.70
- For Other services	1.60	3.64
- For Reimbursement of expenses	0.70	0.48
<b>Total</b>	<b>13.28</b>	<b>18.86</b>

### 26 Prior period income represent :

	(₹ in lakhs)	
	2013-14	2012-13
Debit Relating to Earlier Years	(14.08)	(10.55)
<b>Total</b>	<b>(14.08)</b>	<b>(10.55)</b>

### 27 Exceptional items represent:

	(₹ in lakhs)	
	2013-14	2012-13
Foreign Exchange fluctuation on loan - Soma Textile FZC	885.93	537.06
Retrenchment Compensation	(19.96)	(13.01)
<b>Total</b>	<b>865.97</b>	<b>524.05</b>

### 28 Earning per Share (EPS):

	(₹ in lakhs)	
	2013-14	2012-13
Basic :	(4.04)	(0.50)
Numerator : Net profit/(Loss) after taxation as disclosed in Profit & Loss Account (After Extra Ordinary Items) ( ₹ in lakhs)	(1,334)	(166.13)
Denominator :Weighted Average No. of Equity Shares outstanding during the year	33,033,000	33,033,000
Diluted :	(4.04)	(0.50)
Numerator : Net Profit/(Loss) for Diluted EPS ( ₹ in lakhs) (After Extra Ordinary Items)	(1,333.79)	(166.13)
Denominator :Weighted Average No. of Equity	33,033,000	33,033,000
The nominal value per Equity Shares is ₹10/-		

29 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.



**30 Related party transaction**

- 1.1 Holding Company Not Applicable  
 1.2 Associate Company SOMA TEXTILE F.Z.C., Sharjah, UAE  
 1.3 Fellow Subsidiary Not Applicable  
 1.4 Other related parties where control exists. Somany Evergreen Knits Ltd.  
 Kechak Credit & Finvest 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)  
 Ms Anuja Somany, VP ( Garment Division)  
 (Shri Arvind Somany is father of Ms Anuja 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)	
	2014	2013	2014	2013	2014	2013
Rent Paid	-	-	-	-	1.89	1.56
Water & Electricity Charges	-	-	-	-	0.98	0.83
Sales	-	-	-	-	-	33.82
Testing Charges	-	-	-	-	-	0.02
Packing Materials	-	-	-	-	-	-
Repair & Maintance	-	-	-	-	0.11	0.24
Rates & Taxes	-	-	-	-	2.24	-
Loan Given	-	-	-	-	-	-
Investment made	-	-	-	-	-	-
Remuneration	-	-	59.79	48.79	-	-
Sitting Fee	-	-	0.10	0.10	-	-
Balance outstanding at date of Balance sheet	-	-	-	-	-	-
- payable	-	-	-	-	-	-
- receivable	9,444.17	8,558.24	-	-	-	1.22

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

(₹ in lakhs)

	As at	As at
	31st March, 2014	31st March, 2013
<b>(i) Contingent Liabilities</b>		
Unredeemed Bank Guarantees (margin in form of FDR ₹22.91 lakhs (Previous year ₹ 22.64 lakhs) provided against Bank Guarantees)	229.11	226.43
Sales Tax Payment disputed by the Company	6.17	6.17
Excise Duty demand disputed by the Company	33.73	33.73
Claims against the Company not Acknowledged as debts	39.78	23.84
Notice of Income Tax demand for A.Y. 2007-08	45.33	45.33
	<b>354.12</b>	<b>335.50</b>
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	188.25

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**32** 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.

<b>33.1 VALUE OF IMPORTS (C.I.F.) ACCOUNTED FOR DURING THE YEAR</b>	<b>(₹ in lakhs)</b>	
	<b>2013-14</b>	<b>2012-13</b>
Raw Materials	<b>16.24</b>	1176.22
Capital Goods	<b>25.35</b>	203.23
Stores (including dyes and spares)	<b>409.70</b>	427.51

<b>33.2 EXPENDITURE IN FOREIGN CURRENCY</b>	<b>(₹ in lakhs)</b>	
	<b>2013-14</b>	<b>2012-13</b>
Traveling Expenses	<b>20.70</b>	10.51

<b>33.3 EARNING IN FOREIGN CURRENCY DURING THE YEAR</b>	<b>(₹ in lakhs)</b>	
	<b>2013-14</b>	<b>2012-13</b>
F.O.B.Value of Exports	<b>5083.14</b>	3612.73

**34** Company has entered into a Registered Development Agreement on 20th November,2012, with Shayona Land Corporation for development of Part Leasehold Land owned by Company, by putting up construction of commercial units on the said land situated at Rakhial (sim), Taluka City, in the Registration District , Ahmedabad and Sub District, Ahmedabad No. 7 (Odhav), bearing final Plot No.80, admeasuring about 10648 square yards equivalent to 8903 square meters of town planning scheme No.10 (Rakhial).

**35** As reported last year that the Company had signed the Business Transfer Agreement (BTA) on 1st April, 2013, with Messrs GTN Engineering (India) Ltd., a Public Limited Company situated in Hyderabad in the State of Andhra Pradesh, for sale of its cotton spinning Unit at Baramati in Pune in the state of Maharashtra, at a lump-sum consideration of ₹29.80 Crore, subject to obtaining necessary permissions by the Company from its shareholders, lenders, Capital Debt Re-structuring (CDR) Empowered group, income tax, and its Labour Union.

During the year the Company has handed over the physical possessions of its Baramati Unit to M/s. GTN Engineering (India) Ltd. on 9th June 2013, the closing date, as per the terms of Business Transfer Agreement (BTA) upon obtaining all the required permissions/approvals from the above concerned Authorities/Departments.

**36** Previous year figures have been reclassified to conform to this year's classification

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 : 30<sup>th</sup> May, 2014

**For and on behalf of the Board**

**S. K. SOMANY** Chairman

**A. K. SOMANY** Managing Director

**R. S. SHARMA** Company Secretary



**SOMA TEXTILES & INDUSTRIES LIMITED**

CIN: L51909WB1940PLC010070

Regd. Office: 2, Red Cross Place, Kolkata – 700 001

Email: investors@somatextiles.com, Website: www.somatextiles.com

Phone No.: 033-22487406/07, Fax: 033 22487045

**Form-MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**76<sup>th</sup> Annual General Meeting – August 29, 2014**

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

Email : \_\_\_\_\_

DP ID : \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

1) Name : \_\_\_\_\_ Address : \_\_\_\_\_

\_\_\_\_\_ E-mail Id : \_\_\_\_\_

Signature: \_\_\_\_\_ Or falling him/her

2) Name : \_\_\_\_\_ Address : \_\_\_\_\_

\_\_\_\_\_ E-mail Id : \_\_\_\_\_

Signature: \_\_\_\_\_ Or falling him/her

3) Name : \_\_\_\_\_ Address : \_\_\_\_\_

\_\_\_\_\_ E-mail Id : \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 76<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, 29<sup>th</sup> August, 2014 at 3:00 P.M. IST, at Somany Conference Hall, MCC Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata – 700 001 and at any adjournment thereof in respect of such resolutions as are indicated below:



TEAR HERE



**SOMA TEXTILES & INDUSTRIES LIMITED**

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**ATTENDANCE SLIP**

**76<sup>TH</sup> ANNUAL GENERAL MEETING**

Sr. No. : \_\_\_\_\_

Registered Folio No./DP ID No./Client ID No. : \_\_\_\_\_

Name of sole/first named Member : \_\_\_\_\_

Address : \_\_\_\_\_

Dear Shareholders,

Subject: Instruction for e-voting

I/We hereby record my/our presence at the 76<sup>th</sup> Annual General Meeting of the Company at Somany Conference Hall, MCC Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Friday, August 29, 2014 at 3-00 P.M. IST.

Member's Folio/DP ID/Client ID No.

Member's/Proxy's name in Block Letters

Member's/Proxy's signature

# ANNUAL REPORT 2013-2014

Resolution Number	Resolution	Vote (Optional see Note) (Please mention number of shares)		
		For	Against	Abstain
	<b>Ordinary Business</b>			
1	Adoption of Audited Balance Sheet and Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014.			
2	To appoint a Director in place of Shri ShrikantBhat (DIN: 00650380), who retires by rotation and being eligible, offers himself for re-appointment.			
3	To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.			
	<b>Special Business</b>			
4	Appointment of Shri B. K. Hurkat, as an Independent Director.			
5	Appointment of Shri B. L. Dhoot, as an Independent Director			
6	Erosion of Fifty percent (50%) or more of the peak net worth of the Company under Section 23 of SICA Act, 1985.			
7	Remuneration to the Cost Auditors for the Financial Year ending March 31, 2015.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Member \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix Revenue Stamp not less than ₹ 0.15
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**Note:**

- This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
- A proxy need not be a member of the Company.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the For or Against or Abstain column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- For the Resolutions, Explanatory Statements and Notes, please refer Notice of the 76<sup>th</sup> Annual General Meeting.
- Please complete all details of Member(s) in above box, before submission.



— TEAR HERE —



**Note:**

- Please complete this Attendance slip and hand it over at the Attendance Verification Counter at the meeting hall. Members are requested to bring their copy of the Annual Report for reference at the meeting.
- Electronic copy of the Annual Report for 2013-14 and Notice of the 76<sup>th</sup> Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any Member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
- Physical Copy of the Annual Report for 2013-14 and Notice of the Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(S) to all members whose email is not registered or have requested for a hard copy.



**SOMA TEXTILES & INDUSTRIES LIMITED**

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**ASSENT / DISSENT FORM FOR VOTING ON AGM RESOLUTIONS**

1. Name(s) & Registered Address :  
of the sole/first named Member
2. Name(s) of the Joint-Holder(s), :  
if any
3. i) Registered Folio No. :  
ii) DP ID No. & Client ID No.  
[Applicable to Members  
holding shares in  
dematerialized form]
4. Number of share(s) held :
5. I/We hereby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated May 30, 2014, by conveying my/our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

Resolution	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
<b>Ordinary Business</b>			
1 Adoption of Audited Balance Sheet and Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014.			
2 To appoint a Director in place of Shri ShrikantBhat (DIN: 00650380), who retires by rotation and being eligible, offers himself for re-appointment.			
3 To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.			
<b>Special Business</b>			
4 Appointment of Shri B. K. Hurkat, as an Independent Director.			
5 Appointment of Shri B. L. Dhoot, as an Independent Director			
6 Erosion of Fifty percent (50%) or more of the peak net worth of the Company under Section 23 of SICA Act, 1985.			
7 Remuneration to the Cost Auditors for the Financial Year ending March 31, 2015.			

Place :

Date :

\_\_\_\_\_  
Signature of the Member Or Authorised Representative**Note:**

1. If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
2. Last date for receipt of Assent/Dissent Form : August 22, 2014.
3. Please read the instructions printed overleaf carefully before exercising your vote.

## INSTRUCTIONS

### General Instructions

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical form. If a shareholder has opted for Physical Assent / Dissent Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical assent/dissent form and e-voting, then vote cast through e-voting shall be considered and treated as valid and vote cast through physical assent/dissent shall be treated as invalid.
2. The notice of Annual General Meeting is dispatched/e-mailed to the members whose names appear on the Register of Members as on July 25, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.
3. Voting through physical assent/dissent form cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.

### Instructions for voting physically on Assent/Dissent Form

1. A Members desiring to exercise vote by Assent/Dissent should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mr. P. K. Drolia, Practicing Company Secretary and send the same at their cost to reach the Scrutinizer at the registered office of the Company on or before the close of working hours i.e. 6:00 P.M. on August 22, 2014. All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies etc.), the completed Assent/Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent/Dissent Form for every folio/client id irrespective of the number of joint holders.
7. A Member may request for a duplicate Assent/Dissent Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Assent/Dissent Form. They are also requested not to write anything in the Assent/Dissent form excepting giving their assent or dissent and putting their signature. If any such other paper is sent the same will be destroyed by the Scrutinizer.
9. The Scrutinizer's decision on the validity of the Assent/Dissent Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Assent/Dissent Forms will be rejected.

To

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