



NOTICE OF THE 76th ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Sixth (76th) 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 29th 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 31st 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 28th 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 28th 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 31st 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.”

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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 : 30th 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 20th August, 2014 to Friday, the 29th 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.
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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 31st March, 1995 have already been transferred to the General Revenue Account of the Central Government as required by the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those Shareholders, who have, so far, not claimed or collected the dividends up to the aforesaid financial years, may claim their dividend from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata – 700 020 by submitting 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 31st 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 31st March, 1999 and up to the year ended 31st March, 2014, and therefore uploading of details of unpaid and unclaimed amounts lying with the Company as on 9th September, 2013 (date of last Annual General Meeting) on the website of the Company i.e. 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 76th 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 76th 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 76th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company’s website 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.
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 76th 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 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">• 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.• 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. | |
| 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">• 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. | |



- (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
 - 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 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, 20th August, 2014 (9:00 A.M.) and ends on Friday, 22nd 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 25th 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 under help section or write an email to 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 25th 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 with a copy marked to helpdesk.evoting@cdslindia.com before the closing hours on 20th 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 and on the website of CDSL within two (2) days of passing of the resolutions at the 76th AGM of the Company on 29th 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 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 or at its branch office at Office No. 416-420, Devnandan Mega Mall, 4th Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad – 380 006, at E-mail ID – sharepro.ahmedabad@shareproservices.com

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment at the 76th 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 18th January, 2008 and further re-appointed as an Executive Director for a period of Three (3) years effective from 18th 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 : 30th 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 24th 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 1/3rd 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 24th 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 (76th) 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 24th 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 1/3rd 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 24th 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 76th 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 31st March, 2014, which is being adopted and approved by the shareholders at this Annual General Meeting on 29th 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 31st 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 31st 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 31st 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 1/4th 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 31st 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 31st 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 31st 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 : 30th May, 2014

By order of the Board

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



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]

76th 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 76th Annual General Meeting of the Company, to be held on Friday, 29th 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

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

ATTENDANCE SLIP

76TH 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 76th 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 |
| | Ordinary Business | | | |
| 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. | | | |
| | Special Business | | | |
| 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 |
|--|

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 76th 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 76th 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.