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 **SOMA TEXTILES &
INDUSTRIES LIMITED**



82nd
**ANNUAL
REPORT**



2019-2020

**82nd Annual Report
2019-2020****BOARD OF DIRECTORS**

- Shri S. K. Somany - Chairman (Non-Executive)
Shri A. K. Somany - Managing Director
Shri S. B. Bhat - Whole-time Director (Executive Director)
Shri B. K. Hurkat - Non-Executive Independent Director
Shri M. H. Shah - Non-Executive Independent Director
Smt. N. Singh - Non-Executive Independent Director

CFO

Shri M. B. Parakh

COMPANY SECRETARY

Shri A. K. Mishra

AUDITORS

A. K. Ostwal & Co.
Chartered Accountants
C-408, International Trade Center,
Majura Gate, Ring Road,
Surat-395002.

BANKERS

AXIS Bank Limited
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

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai-400083
Ph. No. : 022-49186270
E-mail : rnthelpdesk@linkintime.co.in

BRANCH OFFICE AT :

506-508, Amarnath Business Centre 1 (ABC-1)
Besides Gala Business Center,
Near Xt. Xavier's College Corner,
Off C G Road, Ahmedabad-380 006
Phone No. : 079 -26465179- 86- 87
E-mail : ahmedabad@linkintime.co.in

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NOTICE OF THE 82ND ANNUAL GENERAL MEETING

TO THE SHAREHOLDERS

NOTICE is hereby given that the Eighty-second (82nd) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held on Tuesday, the 15th day of September, 2020 at 3-00 P.M. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 (both Standalone and Consolidated basis), together with the Reports of the Auditors and the Board of Directors thereon.
2. To appoint a Director in place of Shri S. B. Bhat (DIN: 00650380), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

3. **To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2021 As an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. N. D. Birla & Company, the Cost Auditors, appointed as Cost Auditors of the Company by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, be paid the remuneration by way of Cost Audit Fee of ₹ 40,000/- (Rupees Forty Thousands Only) plus Goods and Service Tax (GST), as applicable and reimbursement of out of pocket expenses, if any, incurred in the course of their audit and the said reimbursement is hereby confirmed and ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters, things and take all such steps as may be considered necessary, desirable, proper or expedient to give effect to this resolution."

Registered Office:

2, Red Cross Place,
Kolkata – 700 001

By order of the Board of Directors

(A. K. Mishra)
Company Secretary
M. No.: A 47060

Dated, the 30th June, 2020

Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business under Item No. 3, to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of this Notice.
2. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 05, 2020, read with circulars dated April 08, 2020 and April 13, 2020 ("collectively referred to as "MCA Circulars") and Securities and Exchange Board of India (SEBI) vide its circular dated May 12, 2020 ("SEBI Circular"), permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/ OAVM only. The detailed procedure for participating in the meeting through VC/ OAVM is given below in the e-voting instructions under Note no. 22.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency.
4. The Company has engaged the services of Link Intime India Private Limited ('Link Intim') as the authorized agency for conducting of the e-AGM and providing e-voting facility during the AGM.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

6. Since the AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**

However, pursuant to Section 113 of the Companies Act, 2013, Institutional/Corporate Members (i.e. other than Individuals/HUF, NRI, etc or Trust(s)) can appoint their representatives to attend the AGM through VC/OAVM and vote through e-voting. They are requested to send the scanned copy (PDF/JPG Format) of their Board or governing body Resolution/Authorization etc., authorizing their representative to attend the AGM through VC/OAVM to the Scrutinizer by email through its registered email address to droliapraavin@yahoo.co.in with a copy marked to helpdesk.evoting@cdslindia.com.

7. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM inter-alia, indicating the process and manner of voting through electronic means along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website i.e. www.somatexiles.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of CDSL i.e. www.evotingindia.com.

8. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020, MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

9. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

10. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 4th September, 2020 to Tuesday, the 15th September, 2020 (both days inclusive) for the purpose of 82nd Annual General Meeting of the Company.

11. Members holding shares in electronic form are requested to register / update their postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants, with whom they are maintaining their Demat accounts.

12. Members holding shares in physical form are requested to register / update their postal address, email address, telephone/ mobile numbers, PAN, mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., with the Registrar and Transfer Agent i.e. Link Intime India Private Limited ('Link Intime'), by sending an email to ahmedabad@linkintime.co.in.

13. Non-Resident Indian members are requested to inform Link Intime immediately on:

- a.) the change in the residential status on return to India for permanent settlement; and,
- b.) the particulars of the bank account(s) maintained in India with complete name, branch, and account type, account number and address of the bank, if not furnished earlier.

14. 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 details of such folios together with share certificates to Link Intime India Private Limited, the Registrar & Share Transfer Agents, for consolidation into a single folio.

15. 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).

16. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 & Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides that from April 01, 2019 transfer of securities would not be processed unless the securities are held in the dematerialized form with a depository. In view of the same, now the shares cannot be transferred in the physical mode. Hence, Members holding shares in physical form are requested to dematerialize their holdings immediately. However, Members can continue to make request for transmission or transposition of securities held in physical form.

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17. Pursuant to the provisions of Section 124 and Section 125 of the Companies Act, 2013 and IEPF Rules, the dividend which remains unclaimed/unpaid for a period of Seven (7) Years from the date of transfer to the unpaid dividend account of the Company, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

Pursuant to the provisions of Section 124 read with Section 125 of the Companies Act, 2013, 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, 2020. However, members may please note that no claim shall lie against the Company in respect of any individual amounts which were unclaimed and unpaid for a period of Seven (7) years from the date(s), they first became due for payment, once transferred to the said fund.

Further, as per Section 124(6) of the Act read with IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven (7) years has to be transferred under sub-section 5 of the Act, to the demat account of IEPF Authority with one of the Depository Participants as may be identified by the IEPF Authority, within thirty (30) days of such shares becoming due to be transferred to the IEPF. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

The Statement containing details of Name, Address, Folio No., Demat Account No. and No. of shares, if any, due for transfer to IEPF Authority is made available on the Company's website www.somatextiles.com.

In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

18. SEBI vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 with a view to protect the interest of the shareholders, has mandated to all the members who holds securities of the company in physical form, to furnish to the company/ its registrar and transfer agent, the details of their valid PAN and bank account. To support the SEBI's initiative, the Members are requested to furnish the details of PAN and bank account to Link Intime, the Company's Registrar and Transfer Agent.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants (DPs) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA viz. Link Intime India Private Limited/Company.
20. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to send an e-mail on investors@somatextiles.com from September 01, 2020 to September 04, 2020 (up to 5:00 p.m. IST). The same will be replied by the Company suitably.
21. Relevant documents referred to in the notice and the statement shall be available for inspection by the Members through electronic mode up to the date of the AGM. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, upon request will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send an email to investors@somatextiles.com.
- 22. Instructions for voting through electronic means (e-voting), joining the AGM & other instructions relating thereto are as under:**

VOTING THROUGH ELECTRONIC MEANS

- I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
- II. The Company has engaged the services of CDSL as the Agency to provide remote e-voting facility and e-voting during the AGM will be provided by Link Intime India Private Limited ('Link Intime').
- III. The Board of Directors of the Company has appointed Shri Pravin Kumar Drolia (Membership No. 2366, CP No. 1362) Practising Company Secretaries, as Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting in a fair and transparent manner.

- IV. Voting rights of the Members for voting through remote e-voting and voting during the AGM shall be in proportion to shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, September 8, 2020. A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-voting and voting during the AGM.
- V. The remote e-voting facility will be available during the following period:
- Commencement of remote e-voting: 9.00 A.M. (IST) on Saturday, September 12, 2020.
 - End of remote e-voting: 5.00 P.M. (IST) on Monday, September 14, 2020.
 - The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled by CDSL upon expiry of aforesaid period.
- VI. Those Members, who will be present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- VII. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
- VIII. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may follow the same procedure as given below for remote e-voting.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

Process and manner for Remote e-voting:

- The shareholders should Log on to the e-voting website www.evotingindia.com
- Click on "Shareholders" module
- Now enter your User ID :-
 - For **CDSL** – 16 digits beneficiary ID,
 - For **NSDL** – 8 Characters DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and 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"> Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in our demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v). |

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter

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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.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this AGM Notice.
- (x) Click on Electronic Voting Sequence Number (EVSN) - **200817019** of the **“SOMA TEXTILES & INDUSTRIES LIMITED”** on which you choose to vote.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten his password, then enter the User ID and the Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app **“m-Voting”**. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@somatextiles.com / RTA at ahmedabad@linkintime.co.in.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@somatextiles.com/ RTA at ahmedabad@linkintime.co.in.

INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS ATTENDING THE AGM THROUGH INSTAMEET VC/OAVM ARE AS UNDER:

1. Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.
2. The Shareholders/Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:
 - i) Open the internet browser and launch the URL for InstaMeet<<<https://instameet.linkintime.co.in>>> and register with your following details:
 - a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company

- b. PAN: Enter your 10 digit Permanent Account Number (PAN)
 - c. Mobile No.
 - d. Email ID
- ii) Click “Go to Meeting”
4. Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.
 5. Shareholders/ Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
 6. Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
 7. In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175).

INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO REGISTER THEMSELVES AS SPEAKERS DURING ANNUAL GENERAL MEETING:

1. Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/ folio number, email id, mobile number at investors@somatextiles.com from September 01, 2020 to September 04, 2020 (up to 5:00 p.m. IST).
2. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM on first come basis. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO VOTE DURING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”.
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
7. Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.
8. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.
9. In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175).

Note for Non – Individual Shareholders and Custodians

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

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- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to 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.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; droliapraavin@yahoo.co.in and investors@somatextiles.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- For queries, if any or issues regarding attending AGM & e-Voting from the e-Voting System, please refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatial Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

General:

- (a) In case of joint shareholders attending the AGM, only such joint holder who is higher in the order of the names will be entitled to vote.
- (b) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- (c) The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.somatextiles.com and on the website of CDSL [https:// www.evotingindia.com](https://www.evotingindia.com) immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
- (d) Subject to the receipt of requisite number of votes, the Resolutions set out in the Notice of the 82nd AGM of the Company, shall deemed to be passed on the date of the AGM i.e. 15th September, 2020.
- (e) A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment at the 82nd Annual General Meeting of the Company, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-

Shri Shrikant Bhat (DIN: 00650380) ('Shri Bhat'), aged about 55 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 30 years. He 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. He looks after the affairs of the Company. He holds office of Director in Somany Evergreen Knits Limited. He does not hold any shares in the Company.

Shri Bhat 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

By order of the Board of Directors

(A. K. Mishra)
Company Secretary
M. No.: A 47060

Dated, the 30th June, 2020

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**Item No. 3**

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, 2021.

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. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at item no. 3 of the Notice.

The Board recommends the Ordinary Resolution set out at item no. 3 of the Notice for approval by the shareholders.

Registered Office:

2, Red Cross Place,
Kolkata – 700 001

By order of the Board of Directors

(A. K. Mishra)
Company Secretary
M. No.: A 47060

Dated, the 30th June, 2020

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Eighty-second (82nd) Annual Report of the Company, together with the audited financial statements for the financial year ended 31st March 2020.

1. FINANCIAL PERFORMANCE

There was no improvement in the business scenario of the Textile Industry and is continued to remain challenging.

The revenue from operations for the year 2019-20 was ₹ 2,587 lacs as compared to ₹ 3,846 lacs in the previous year, a decline of 32.74 %.

The loss before Prior period, Exceptional item and Tax was ₹ 1,572 lacs against the previous year loss of ₹ 2,146 lacs.

The net loss for the year was ₹ 611 lacs against the previous year net loss of ₹ 1,726 lacs.

2. DIVIDEND

The Board of Directors of your Company have not recommended any dividend for the Financial Year ended 31st March 2020, considering the loss during the year and brought forward losses.

3. COTTON

India's cotton production in the current season 2019-20 is likely to be 330 lac bales. The exports are estimated to be 40 lakh bales.

4. EXPORT

The FOB value of the exports during the Year under review was Nil against Nil export in the previous year.

5. ANALYSIS AND REVIEW

India is one of the largest producers as well as exporters of textiles. The Indian textile industry contributes around 5 per cent to the country's gross domestic product (GDP), 14 per cent to industrial production and 11 per cent to total exports earnings. The industry is also the second-largest employer in the country after agriculture, employing over 51 million people directly and 68 million people indirectly, including unskilled women. The textile industry is also expected to reach US\$ 223 billion by the year 2021.

6. OPPORTUNITIES AND CHALLENGES

The Indian textile industry has vast potential for growth, buoyed by both strong domestic consumption as well as export demand. However, to get maximum advantage of the vast potential of this vibrant industry, the Government and Industry need to work towards addressing key challenges including obsolete machinery and technology, threats to handloom sector, power shortage, illicit markets, labour-related concerns, raw materials shortage.

7. PRESENT STATUS OF THE UNIT

Company is processing and manufacturing suiting and shirting.

8. EXPANSION AND MODERNISATION

Because of financial constraint company did not go for modernization.

9. CONSOLIDATED FINANCIAL STATEMENT

As required by Regulation 33 of the SEBI (LODR) Regulations, 2015, the Consolidated Audited Financial Statements have been prepared as per the requirements under Accounting Standard AS-21 on "Consolidated Financial Statements" read with AS-23 on the "Accounting for Investment in Associates" read with the provisions of Companies Act, 2013, as provided, forming part of the Annual Report.

10. CASH FLOW STATEMENT

In compliance with the requirement of Section 34 of the SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended 31st March 2020 prepared following the applicable Accounting Standard, is annexed to the financial statement, which forms part of the Annual Report.

11. INSURANCE

The Company's properties including its Building, Plant & Machinery and Stocks among others continue to be adequately insured against fire, flood, earthquake, explosive and other such risks, as considered to be prudent and necessary.

12. INTERNAL FINANCIAL CONTROL

The Company has in place internal financial control systems commensurate with the size, nature and complexity of its operations ensuring the proper recording of financials and monitoring of operational effectiveness and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and compliance of various applicable regulatory and statutory requirements.

The Internal Auditor monitors and evaluates the efficiency and adequacy of Internal Control System. Based on their report, corrective actions are undertaken by the concerned departments and thereby strengthen the Controls. Significant audit observations corrective measures and actions thereon are presented to the Audit Committee of the Board.

During the year such controls were tested and no reportable material weaknesses were observed.

The Audit Committee comprises the majority of Independent Directors in terms of the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

13. FIXED DEPOSITS

Your Company has not accepted any deposit from the Public/Members under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposit) Rules, 2014 during the year under review and no deposits are pending with the Company as on the Balance Sheet closure date.

14. SHARE CAPITAL

There has been no change in the Company's Issued, Subscribed and Paid-up Equity and Preference Share Capital in between the end of the financial year 31st March 2019 and 31st March 2020. On 31st March 2020, the Equity Share Capital stood at ₹ 3303.30 Lacs, divided into 33033000 Equity Shares of ₹ 10 each and Preference Share Capital stood at ₹ 975 Lacs, divided into 975000, 0.01% Cumulative Redeemable Non-convertible Preference Shares of ₹ 100 each.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL**Rotation**

At the forthcoming 82nd Annual General Meeting (AGM) of the Company, Shri S. B. Bhat (DIN: 00650380) retires by rotation and being eligible, offers himself for re-appointment following the provisions of the Companies Act, 2013 ("the Act"), and Articles of Association of the Company. The Board recommends his re-appointment.

Brief resume, nature of expertise and details of directorship held in other companies of Shri S. B. Bhat, proposed to be appointed is given in the Notice of the Ensuing General Meeting (AGM), as stated under Secretarial Standard 2 and Regulation 36 of the SEBI (LODR) Regulations, 2015.

Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation.

None of the Directors is disqualified from being appointed or holding office as Directors as stipulated under Section 164(2) of the Companies Act, 2013.

16. DECLARATION OF INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Directors, under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company does not fall within the ambit of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibilities Policy) Rules, 2014. Therefore the Annual Report on Corporate Social Responsibility initiatives as required under the said act does not apply to the Company. In view thereof, the Annual Report on CSR activities is not annexed.

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18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not provided any loan to any person or body corporate or given any guarantee or provided security in connection with such loan or made any investment in the securities of any Body Corporate according to Section 186 of the Companies Act, 2013, during the financial year ended 31st March 2020.

19. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTY

The 'Policy on Related Party Transaction', dealing with the review and approval of related party transactions, was amended in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The policy is available on the Company's website at the web link: www.somatexiles.com/home.php/investors/policies.

All contracts/ arrangements/ transactions entered into by the Company, during the financial year, with related parties, as defined under Section 188 of the Companies Act, 2013 and the relevant rules made thereunder, were in the ordinary course of business and on arm's length.

Further, no material contract/ arrangement/ transaction, with related parties were entered during the financial year under review, following the policy of the Company on materiality of related party transactions. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 does not apply to your Company. However, members may refer to the notes to the financial statements, which sets out disclosure on related parties and transactions entered into with them according to Accounting Standards.

20. LISTING ON STOCK EXCHANGES

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

(a) BSE Limited (BSE).

Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

(b) National Stock Exchange of India Limited (NSE).

Address: Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051.

NOTE:

- (i) Listing fees have been paid to the Stock Exchanges for the year 2020-21.
- (ii) The Calcutta Stock Exchange Association Ltd. had vide its Letter No. CSEA/ID/223/2008 dated 16th April 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However, Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

Stock Code

- (i) NSE - SOMATEX, (ii) BSE - 521034, (iii) CSE - 29067.

De-mat ISIN Number in NSDL & CDSL – ISIN – INE 314C01013.

21. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

The Auditors Report and Secretarial Auditors Report do not contain any reservation, qualification or adverse remark and therefore need no explanations or comments from the Board of Directors.

22. BOARD'S EVALUATION OF THE PERFORMANCE

In compliance with the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its performance, and that of its Committees and Individual Directors. Feedback was sought by way of a structured questionnaire covering various aspect of Board's functioning, such as adequacy of the composition of the Board and its Committee, Board culture, execution and performance of specific duties obligations and governance. How the evaluation has been carried out has been provided in the Corporate Governance Report, forming part of the Board's Report.

23. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

During the year Five (5) Board Meetings were held, the details of which are given in the Report on Corporate Governance, that forms part of the Board's Report.

The maximum interval between the two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

24. AUDIT COMMITTEE

The Audit Committee comprises of Four (4) members, Majority of them are Independent Directors namely; Shri B. K. Hurkat Chairman, Shri M. H. Shah and Mrs N. Singh, and Shri S. K. Somany a Non-Independent & Promoter Director, as other members of the Committee. Thus the composition conforms with the requirements of section 134(3) and section 177(8) of the Companies Act, 2013, read with the provisions of SEBI (LODR) Regulations, 2015.

Five (5) Meetings of the Audit Committee were held during the year under review, the details of which are given in the Report on Corporate Governance, forming part of this Report. The Board of Directors accepted all recommendations of the Audit Committee in the reporting period.

25. ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER MECHANISM

The Company has in place a Whistle Blower Policy, as a part of Vigil Mechanism to provide appropriate avenues to the Directors, employees and other stakeholders of the Company to bring to the attention of the Management any issue which is perceived to be in violation of or conflict with the Code of conduct, values, principles and beliefs of the Company. The established Vigil Mechanism helps to report concerns about any unethical conduct, financial malpractices or any unhealthy practice prevalent in the Company.

The said Vigil Mechanism provides for adequate safeguards against victimization of persons who use such mechanism and also provides for direct excess to the Chairman of the Audit Committee.

The details of this Policy is explained in the Corporate Governance Report forming part of the Board's Report and are also available on the Company's website; www.somatexiles.com/home.php/investors/policies.

26. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of Directors and other matters as per section 178 and Clause 49(IV)(B) of Listing Agreement. The salient features of the Company's Nomination and Remuneration Policy are stated in the Corporate Governance Report. The Policy is available on the website of the Company viz. www.somatexiles.com.

27. CORPORATE GOVERNANCE

Your Company upholds the Standards of Governance and is compliant with the provisions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (listing Regulations).

A Report on 'Corporate Governance' as well as the certificate from Company's Statutory Auditors, confirming compliance with the requirements of SEBI Listing Regulations, forms part of the Annual Report.

28. CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs, Government of India, had issued a set of Voluntary Guidelines 2009 on Corporate Governance in December 2009, for voluntary adoption of a set of good practices by the Corporate Sector. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of Corporate Governance. 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.

29. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report under review, as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is presented by an Annexure, forming part of the Directors' Report.

30. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, the Board of Directors of your Company to the best of their knowledge and belief and based on information and explanation obtained from the operating management, hereby states and confirms: –

- (a) that in the preparation of attached Annual Accounts for the Financial Year ended 31st March 2020 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, wherever, applicable;
- (b) 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 to give a true and fair view of the state of affairs of the Company as on 31st March 2020 and of the loss of the Company for the year ended on that date;

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- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records following the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) that they have prepared the attached Annual Accounts on a 'going concern' basis.
- (e) that they had laid down internal financial controls to be followed by the Company and that such internal controls are adequate and were operating effectively.
- (f) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. AUDITORS

In compliance with the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s)/ re-enactment(s)/ amendment(s) thereof, for the time being in force), the Members at the Seventy-Ninth (79th) Annual General Meeting held on 25th August 2017, had appointed M/s. A. K. Ostwal & Co., Chartered Accountants (ICAI Registration No. 107200W), as the Statutory Auditors of the Company, to hold office for a term of five (5) consecutive years from the conclusion of the 79th Annual General Meeting until the conclusion of the 84th Annual General Meeting, subject to the ratification at the Annual General Meeting in each of the subsequent years during the aforementioned term of their appointment.

However, with the Notification dated May 7, 2018, issued by the Ministry of Corporate Affairs ('MCA'), the first proviso to section 139(1) of the Companies Act, 2013, about the requirement of annual ratification of the appointment of Auditors by Members is omitted.

Accordingly, as per the Companies (Amendment) Act, 2017, ratification of the appointment of Statutory Auditors during their period of appointment will not be considered.

32. SECRETARIAL AUDITOR

The Board has appointed M/s. Drolia & Company, Company Secretaries, Kolkata, in practice having Certificate of Practice No. 1362, as the Secretarial Auditor, to carry out Secretarial Audit for the year ending 31st March 2021, under the provisions of Section 204 of the Companies Act, 2013, read with the corresponding rules framed thereunder.

33. MANAGERIAL REMUNERATION

Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached to this Report.

34. SECRETARIAL AUDIT REPORT

A Secretarial Audit Report was given by the Secretarial Auditors for the financial year ended 31st March 2020, in the prescribed form MR-3 is annexed herewith as Annexure to this Report and forms an integral part of this Report.

There are no qualifications, reservations and adverse remarks made by the Secretarial Auditors in their Report.

35. INDUSTRIAL RELATIONS

Industrial relations in your Company, during the year under review, continued to be cordial and harmonious.

36. COST AUDITORS

As per the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records & Audit) Amendment Rules, 2014, the cost records maintained by the Company in respect of its products are required to be audited.

According to provisions of Section 141, read with Section 148 and rules made thereunder, your Directors, on the recommendation of the Audit Committee, appointed M/s. N. D. Birla & Co., Cost Accountants, 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 March 31, 2021, on a remuneration fixed by the Board and has recommended their remuneration to the Shareholders for their ratification, at the ensuing Annual General Meeting (AGM). Accordingly, a requisite resolution seeking Members' ratification for payment of remuneration to M/s N. D. Birla & Co., Cost Accountants, is included in the Notice of the ensuing AGM.

37. DEPOSITORY SYSTEMS

The Company's shares are currently traded in dematerialized form, as per the SEBI directives and the Company has entered into agreements with the following Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for trading in dematerialized form.

Members are therefore advised to avail of the services either of the depositories, to dematerialize their physical shares, if any held by them, for trading in Company's shares smoothly and conveniently.

As on March 31, 2020, 3,25,26,554 Equity Shares are held in dematerialized form and represent 98.47% of the Company's total paid-up Capital.

38. SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 to ensure harassment-free workplace for employees. Sexual harassment cases are dealt as per the Company's Policy on 'Prevention of Sexual Harassment'. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No sexual harassment complaint was received during the year under review.

39. ACCOUNTS OF THE SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

The statement containing the silent features of the financial statement of the company's associate companies under the first proviso to sub-section (3) of section 129 of Companies Act, 2013 is enclosed as AOC-1 in the Annexure.

40. PARTICULARS OF EMPLOYEES

None of the employees of the Company received remuneration for the year or part of the year under review, in excess of the amount of remuneration prescribed under Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended up to date.

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration) Rules, 2014 is annexed and forms a part of this Report.

41. EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the Extract of Annual Return in form no. MGT-9 for the financial year ended 31st March 2020, made under the provisions of Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is attached which forms parts of the Board's Report.

42. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is primarily engaged in the business of processing and manufacturing of Suiting and Shirtings.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, required to be disclosed according to Section 134(3)(m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014, as amended is given in the Annexure and forms part of this Report.

43. RISK MANAGEMENT

The Company has in place mechanism to inform Board Members about the Risk Assessment and Risk Minimization procedures which are periodically reviewed to ensure that risks and uncertainties are systematically identified, prioritized and initiated on a constant basis.

The risk management procedure is reviewed by the Audit Committee from time to time to ensure that the executive management controls the risks and uncertainties through a properly defined framework and major risks, are properly and systematically addressed through mitigation actions on a continuing basis.

44. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report as per Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by them from an environmental, social and governance perspective does not apply to the Company, for the financial year 2019-20 as per the SEBI Notification dated 22nd December 2015 and Frequently Asked Questions issued by SEBI on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 29th January 2016.

45. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities 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.

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46. OTHER DISCLOSURES/REPORTING:

Your Directors state that no disclosure and/or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;

47. ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks and appreciation for the continuing support and assistance received from the financial institutions, banks, government as well as non-government authorities, customers, vendors, stock exchange and members during the period under review.

Your Company takes pride in all of its dedicated officers, employees and workers, who have been wholeheartedly supporting and sincerely contributing their best for the success and growth of your Company as well as maintaining harmonious relations throughout the Company.

On behalf of the Board

Place: Ahmedabad
Date: 30th June 2020

(S. K. SOMANY)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 134(3)(m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014

(A) CONSERVATION OF ENERGY:

- (i) Steps taken or impact on the conservation of energy: Nil
- (ii) The steps taken by the company for the utilization of alternate sources of energy: Nil
- (iii) The Capital Investment on energy conservation equipment: Nil

(B) TECHNOLOGY ABSORPTION:

- (i) The efforts made towards technology absorption: Nil
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):NOT APPLICABLE
- (iv) The expenditure incurred on Research and Development:

| | (₹ in lacs) | |
|---|-------------|---------|
| | 2019-20 | 2018-19 |
| a) Capital | - | - |
| b) Recurring | - | 7.91 |
| c) Total | - | 7.91 |
| d) Total R&D Expenditure as a Percentage of Revenue from Operations | - | 0.21 |

(C) FOREIGN EXCHANGE EARNING & OUTGO

Used ₹ Nil lacs (Previous Year ₹ 41 lacs), Earned ₹ Nil lacs (Previous Year Nil).

On behalf of the Board

Place : Ahmedabad
Date : 30th June 2020

(S. K. SOMANY)
Chairman

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ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- a) The ratio of the remuneration of each Director to the median employees' remuneration for the financial year ended 31st March 2020, is as under:

| Name of Directors & Key Managerial Personnel | Designation | Directors' remuneration (In ₹) | Median Employees remuneration (In ₹) | Ratio |
|--|------------------------------------|--------------------------------|--------------------------------------|---------|
| Mr S. K. Somany | Non-executive Chairman | 7,500 | 2,57,808 | 0.03:1 |
| Mr. A. K. Somany | Managing Director | 31,63,440 | 2,57,808 | 12.27:1 |
| Mr. S. B. Bhat | Whole-time Director | 35,18,700 | 2,57,808 | 13.65:1 |
| Mr. B. K. Hurkat | Non-executive Independent Director | 12,500 | 2,57,808 | 0.05:1 |
| Mr. M. H. Shah | Non-executive Independent Director | 12,500 | 2,57,808 | 0.05:1 |
| Mrs. N. Singh | Non-executive Independent Director | 7,500 | 2,57,808 | 0.03:1 |

- b) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the financial year ended 31st March 2020:

| Name of Directors & Key Managerial Personnel | Designation | Total Remuneration 2019-20 (In ₹) | Total Remuneration 2018-19 (In ₹) | Percentage Increase |
|--|------------------------------------|-----------------------------------|-----------------------------------|---------------------|
| Mr. S. K. Somany | Non-executive Chairman | 7,500 | 10,000 | - |
| Mr. A. K. Somany | Managing Director | 31,63,440 | 33,92,060 | - |
| Mr. S. B. Bhat | Whole-time Director | 35,18,700 | 35,31,954 | - |
| Mr. B. K. Hurkat | Non-executive Independent Director | 12,500 | 10,000 | - |
| Mr. M. H. Shah | Non-executive Independent Director | 12,500 | 10,000 | - |
| Ms. N. Singh | Non-executive Independent Director | 7,500 | 2,500 | - |
| Mr. M. B. Parakh | Chief Financial Officer | 12,24,093 | 11,76,090 | 4.08% |
| Mr. A. K. Mishra | Company Secretary | 4,67,668 | 4,43,666 | 5.41% |

Note: The remuneration of the non-executive directors includes sitting fees for attending Board or Committee Meetings.

- c) The number of permanent employees on the rolls of the Company as at the end of the financial year is 76.
- d) Compared to the previous year 2018-19, the figures for the current year 2019-20 reflects that,
- The Net Loss for the year was ₹ 611 lacs against the previous year net loss of ₹ 1,726 lacs.
 - Median remuneration of all employees has increased by 3.56% while average remuneration of all employees has decreased by 1.07%. **
 - Average remuneration of employees excluding Key Managerial Personnel has increased by 1.96%.
 - Remuneration of Key Managerial Personnel has increased by 1.97%.
- e) It is hereby affirmed that the remuneration of Directors and KMP's are as per the Remuneration Policy of the Company.

** Remuneration payable for the relevant year for comparable employees is taken into consideration for all above calculations. Effects of any arrears or deferred payments for earlier periods have been ignored for the calculations.

ANNEXURE TO THE DIRECTORS' REPORT

Details of Significant Changes (change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, pursuant to sub-clause (h) of clause (1) of Part B of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018:

SIGNIFICANT CHANGES IN FINANCIAL RATIOS

| Sr. No. | Particulars | 2019-20 | 2018-19 | Change in % | Reason for Significant change, if any |
|---------|-----------------------------|---------|---------|-------------|---|
| 1 | Debtors Turnover | 189.53 | 24.82 | 663.62% | Improved due to better collection and minimisation of sales on Credit. |
| 2 | Inventory Turnover | 8.17 | 5.89 | 38.71% | Company had closed down manufacturing of Denim during the financial year 2018-19 due to high operating cost and other adverse factors. During the Financial Year 2019-20 company continued the manufacturing of non denim fabrics such as suiting shirting etc and closely monitored expenditure and inventory, due to this ratios such as Inventory Turnover, Interest coverage, Operating profit margin, Net profit margin and Return on Networth have improved in comparison to previous year. |
| 3 | Interest coverage ratio | 0.62 | (0.21) | 395.24% | |
| 4 | Current ratio | 0.29 | 0.31 | -6.45% | |
| 5 | Operating Profit Margin (%) | 31.57 | (7.57) | 517.04% | |
| 6 | Net Profit Margin (%) | (23.53) | (46.29) | 49.17% | |
| 7 | Return on Net Worth (%) | (9.11) | (21.17) | 56.97% | |
| 8 | Debt Equity ratio | 4.94 | 4.66 | 6.01% | - |

DETAILED EXPLANATION OF RATIOS:
(i) Debtors Turnover

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing turnover by average trade receivables.

(ii) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory.

(iii) Interest Coverage Ratio

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.

(iv) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

(v) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.

(vi) Operating Profit Margin (%)

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.

(vii) Net Profit Margin (%)

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

(viii) Return on Net Worth

Return on Net Worth (RONW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed during the year.

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Soma Textiles & Industries Limited
CIN: L51909WB1940PLC010070
2, Red Cross Place, Kolkata – 700 001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Soma Textiles & industries Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the **M/s. Soma Textiles & industries Limited**, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under and the circulars, guidelines issued there under by the SEBI from time to time;
- III. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and Bye-Laws framed there under;
- IV. Foreign Exchange Management Act (FEMA), 1999 and the rules and regulations made there under;
- V. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) The Securities and Exchange Board of India (Investor Protection and Education Fund) 2009;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with Clients.

[The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) are not applicable to the Company for the financial year ended 31-03-2020, as the Company did not carry any activities under the said Regulations :-

- (a) SEBI (Share based Employee Benefits) Regulations, 2014;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended till date;
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (f) The Securities and Exchange Board of India (Issue and listing of Non Convertible and Redeemable Preference Shares) Regulations, 2013.
- VI. The following Industry specific laws:
 - (a) Textiles (Development & Regulation) Order 2001.
 - (b) Textiles Committee Act 1963.

- (c) Textiles (Consumer Protection) Regulations 1988.
- (d) Factories Act, 1948.
- (e) Industrial Disputes Act, 1947.
- (f) The Payment of Wages Act, 1936.
- (g) The Minimum Wages Act, 1948.
- (h) Employee State Insurance Act, 1948.
- (i) The Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- (j) The Contract Labour (Regulations and Abolition) Act, 1970.
- (k) The Maternity Benefit Act, 1961.
- (l) Environment Protection Act 1986 and Rules there under.
- (m) Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008 and Amendments thereof and any other laws as may be applicable to the Company from time to time.

We have also examined compliance with the following:

Secretarial Standards on meetings of Board of Directors and General Meetings (SS-1 & SS-2), issued by the Institute of Company Secretaries of India as notified from time to time.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Agreement/Listing Regulations, as and when applicable.

Adequate Notice has been given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, in compliance with the provisions of Section 173 of the Act and Listing Regulations during the relevant period, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board and Board Committee Meetings were carried out unanimously and the same was captured and recoded as part of the Minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

We further report that during the audit period, the Company has not made any:

- (i) Public/ Right/ Preferential issue of Shares/ Debentures/ Sweat Equity or any other Security.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Foreign technical collaborations.
- (v) Merger/ Amalgamation/ Reconstruction etc.

FOR DROLIA & COMPANY
(Company Secretaries)

Place : Kolkata
Date : 09-06-2020
UDIN : F002366B000330265

Pravin Kumar Drolia
(Proprietor)
FCS: 2366, C.P.No.: 1362

Note:

This report is to be read with our letter of even date which is annexed as Annexure A.1 and forms an integral part of this report.

Annexure-A.1

DROLIA & COMPANY

(Company Secretaries)

9, Crooked Lane, Kolkata - 700069

Mobile: 09831196869; Email: droliapravin@yahoo.co.in

To,
The Members,
Soma Textiles & Industries Limited
CIN: L51909WB1940PLC010070
2, Red Cross Place,
Kolkata 700001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR DROLIA & COMPANY
(Company Secretaries)

Place : Kolkata
Date : 09-06-2020
UDIN : F002366B000330265

Pravin Kumar Drolia
(Proprietor)
FCS: 2366, C.P.No.: 1362

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i) | CIN | L51909WB1940PLC010070 |
| ii) | Registration Date | 29 th March, 1940 |
| iii) | Name of the Company | Soma Textiles & Industries Limited |
| iv) | Category/ Sub-category of the Company | Public Company limited by shares |
| v) | Address of the Registered office and contact details | 2, Red Cross Place, Kolkata- 700 001 Phone No. :033-22487406/07 E-mail: rssharma@somatextiles.com Website: www.somatextiles.com |
| vi) | Whether Listed Company (Yes/No) | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited 5 th Floor, 506 to 508, Amarnath Business Centre – I (ABC - I), Besides Gala Business Center, Near St. Xavier's College Corner, Off. C. G. Road, Navarangpura, Ahmedabad, Gujarat – 380009. Phone No.: 079-2646 5179, E-mail: ahmedabad@linkintime.co.in |

II. PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Cloth | 17131 | 96.51% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name and Address of the Company | Address | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---------------------------------|--|----------------|--------------------------------|------------------|--------------------|
| 1. | Soma Textile FZC, Umm Al Quwain | Umm Al Quwain Free Trade Zone, Umm Al Quwain, U.A.E. | Not Applicable | Associate Company | 40% | 2(6) |

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IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) :

i) Category-wise Share Holding:

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|-------------|-----------------|-------------------|---|-------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 5223122 | - | 5223122 | 15.81 | 6823122 | - | 6823122 | 20.65 | 4.84 |
| b) Central Govt State Govt (s) | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 15806895 | - | 15806895 | 47.85 | 14211895 | - | 14211895 | 43.02 | -4.83 |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Others | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1) | 21030017 | - | 21030017 | 63.66 | 21035017 | - | 21035017 | 63.67 | 0.01 |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Others | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A)=(A)(1) + (A) (2) | 21030017 | - | 21030017 | 63.66 | 21035017 | - | 21035017 | 63.67 | 0.01 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | 2344 | 2344 | 0.01 | - | 2344 | 2344 | 0.01 | - |
| b) Banks/FI | 10200 | - | 10200 | 0.03 | 10200 | - | 10200 | 0.03 | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) Foreign Portfolio Investor | - | 400 | 400 | 0.00 | - | 400 | 400 | 0.00 | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Other(specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (1) | 10200 | 2744 | 12944 | 0.04 | 10200 | 2744 | 12944 | 0.04 | - |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 895117 | - | 895117 | 2.71 | 928689 | - | 928689 | 2.81 | 0.10 |
| ii) Overseas | | | | | | | | | |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 5805166 | 510794 | 6315960 | 19.12 | 5667332 | 503702 | 6171034 | 18.68 | -0.44 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 4025145 | - | 4025145 | 12.19 | 4179854 | - | 4179854 | 12.65 | 0.46 |
| c) NBFCs registered with RBI | 3300 | - | 3300 | 0.01 | - | - | - | - | -0.01 |
| d) Others(specify): | | | | | | | | | |
| i) Trusts | 2000 | - | 2000 | 0.01 | 2000 | - | 2000 | 0.01 | - |
| ii) Hindu Undivided Family | 417855 | - | 417855 | 1.27 | 599752 | - | 599752 | 1.82 | 0.55 |
| iii) NRI Rept. | 90038 | - | 90038 | 0.27 | 83963 | - | 83963 | 0.25 | -0.02 |
| iv) NRI Non Rept. | 11430 | - | 11430 | 0.03 | 10530 | - | 10530 | 0.03 | |
| v) Clearing Members | 229194 | - | 229194 | 0.69 | 9217 | - | 9217 | 0.03 | -0.66 |
| Sub-total (B) (2) | 11479245 | 510794 | 11990039 | 36.30 | 11481337 | 503702 | 11985039 | 36.28 | -0.02 |
| Total Public Shareholding (B)=(B) (1) + (B)(2) | 11489445 | 513538 | 12002983 | 36.34 | 11491537 | 506446 | 11997983 | 36.32 | -0.02 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 32519462 | 513538 | 33033000 | 100.00 | 32526554 | 506446 | 33033000 | 100.00 | - |

ii) Shareholding of Promoters:

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1. | KGPL Industries and Finvest Private Ltd. | 11799651 | 35.72 | - | 10204651 | 30.89 | - | -4.83 |
| 2. | Sarvopari Investments Private Ltd. | 4007244 | 12.13 | - | 4007244 | 12.13 | - | - |
| 3. | Surendra Kumar Somany | 2965695 | 8.98 | 7.57 | 2965695 | 8.98 | 7.57 | - |
| 4. | Surendra Kumar Somany (HUF) | 1402579 | 4.25 | - | 1402579 | 4.25 | - | - |
| 5. | Arvind Kumar Somany | 728217 | 2.20 | - | 2328217 | 7.05 | - | 4.85 |
| 6. | Arvind Kumar Somany (HUF) | 126631 | 0.38 | - | 126631 | 0.38 | - | - |
| Total | | 21030017 | 63.66 | 7.57 | 21035017 | 63.68 | 7.57 | 0.02 |

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iii) Change in Promoters' Shareholding (please specify, if there is no change):

| Sr. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | KGPL Industries and Finvest Private Ltd. | | | | |
| | At the beginning of the year | 11799651 | 35.72 | | |
| | Increase/ Decrease in Shareholding during the year: 27 Sep 2019 (Sold) | (1595000) | (4.83) | 10204651 | 30.89 |
| | At the end of the year | | | 10204651 | 30.89 |
| 2 | Sarvopari Investments Private Ltd. | | | | |
| | At the beginning of the year | 4007244 | 12.13 | | |
| | Increase/ Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 4007244 | 12.13 |
| 3 | Surendra Kumar Somany | | | | |
| | At the beginning of the year | 2965695 | 8.98 | | |
| | Increase/ Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 2965695 | 8.98 |
| 4 | Surendra Kumar Somany (HUF) | | | | |
| | At the beginning of the year | 1402579 | 4.25 | | |
| | Increase/ Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 1402579 | 4.25 |
| 5 | Arvind Kumar Somany | | | | |
| | At the beginning of the year | 728217 | 2.20 | | |
| | Increase/ Decrease in Shareholding during the year: 27 Sep 2019 (Bought) | 1600000 | 4.85 | 2328217 | 7.05 |
| | At the end of the year | | | 2328217 | 7.05 |
| 4 | Arvind Kumar Somany (HUF) | | | | |
| | At the beginning of the year | 126631 | 0.38 | | |
| | Increase/ Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 126631 | 0.38 |

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For each of the top 10 Shareholders * | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | RAJESH JHAVERI | | | | |
| | At the beginning of the year | 850000 | 2.57 | | |
| | Increase/ Decrease in Shareholding during the year: | | | | |
| | 31 May 2019 (Sold) | (6590) | (0.02) | 843410 | 2.55 |

| Sr. No. | For each of the top 10 Shareholders * | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | 07 Jun 2019 (Bought) | 3060 | 0.01 | 846470 | 2.56 |
| | 14 Jun 2019 (Bought) | 4330 | 0.02 | 850800 | 2.58 |
| | 16 Aug 2019 (Sold) | (99800) | (0.31) | 751000 | 2.27 |
| | 23 Aug 2019 (Sold) | (83073) | (0.25) | 667927 | 2.02 |
| | 06 Sep 2019 (Bought) | 15129 | 0.05 | 683056 | 2.07 |
| | 13 Sep 2019 (Bought) | 11268 | 0.03 | 694324 | 2.10 |
| | 20 Sep 2019 (Sold) | (11649) | (0.03) | 682675 | 2.07 |
| | 27 Sep 2019 (Sold) | (16596) | (0.05) | 666079 | 2.02 |
| | 04 Oct 2019 (Sold) | (100) | (0.00) | 665979 | 2.02 |
| | 11 Oct 2019 (Bought) | 2807 | 0.01 | 668786 | 2.03 |
| | 18 Oct 2019 (Bought) | 13178 | 0.04 | 681964 | 2.07 |
| | 25 Oct 2019 (Bought) | 8560 | 0.02 | 690524 | 2.09 |
| | 01 Nov 2019 (Bought) | 2002 | 0.01 | 692526 | 2.10 |
| | 08 Nov 2019 (Bought) | 11866 | 0.03 | 704392 | 2.13 |
| | 15 Nov 2019 (Bought) | 235 | 0.00 | 704627 | 2.13 |
| | 22 Nov 2019 (Bought) | 58 | 0.00 | 704685 | 2.13 |
| | 29 Nov 2019 (Bought) | 5 | 0.00 | 704690 | 2.13 |
| | 06 Dec 2019 (Bought) | 872 | 0.01 | 705562 | 2.14 |
| | 13 Dec 2019 (Bought) | 2658 | 0.00 | 708220 | 2.14 |
| | 20 Dec 2019 (Bought) | 36 | 0.00 | 708256 | 2.14 |
| | 27 Dec 2019 (Bought) | 39 | 0.00 | 708295 | 2.14 |
| | 03 Jan 2020 (Sold) | (1505) | (0.00) | 706790 | 2.14 |
| | 10 Jan 2020 (Bought) | 8505 | 0.03 | 715295 | 2.17 |
| | 17 Jan 2020 (Sold) | (300) | (0.01) | 714995 | 2.16 |
| | 24 Jan 2020 (Bought) | 8600 | 0.03 | 723595 | 2.19 |
| | 21 Feb 2020 (Bought) | 1400 | 0.01 | 724995 | 2.20 |
| | 28 Feb 2020(Bought) | 4500 | 0.01 | 729495 | 2.21 |
| | 06 Mar 2020 (Bought) | 2500 | 0.01 | 731995 | 2.22 |
| | 13 Mar 2020 (Bought) | 3000 | 0.01 | 734995 | 2.23 |
| | 20 Mar 2020 (Bought) | 999 | 0.00 | 735994 | 2.23 |
| | 31 Mar 2020 (Bought) | 1 | 0.00 | 735995 | 2.23 |
| | At the end of the year | | | 735995 | 2.23 |
| 2 | AKSHAT KEJRIWAL | | | | |
| | At the beginning of the year | 271664 | 0.82 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 271664 | 0.82 |

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| Sr. No. | For each of the top 10 Shareholders * | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 3 | AJIT SINGH JAGJIT SINGH CHAWLA | | | | |
| | At the beginning of the year | 218348 | 0.66 | | |
| | Increase/ Decrease in Shareholding during the year: 23 Aug 2019 (Bought) | 43154 | 0.13 | 261502 | 0.79 |
| | At the end of the year | | | 261502 | 0.79 |
| 4 | RAKESHKUMAR MANGILAL RANKA HUF | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/ Decrease in Shareholding during the year: | | | | |
| | 21 Jun 2019 (Bought) | 10000 | 0.03 | 10000 | 0.03 |
| | 23 Aug 2019 (Bought)# | 200000 | 0.61 | 210000 | 0.64 |
| | At the end of the year | | | 210000 | 0.6357 |
| 5 | BEST CHOICE FINVEST & CONSULTANTS PVT LTD | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/ Decrease in Shareholding during the year: | | | | |
| | 06 Sep 2019 (Bought) | 2066 | 0.01 | 2066 | 0.01 |
| | 20 Sep 2019 (Bought) | 11680 | 0.03 | 13746 | 0.04 |
| | 27 Sep 2019 (Bought) | 32654 | 0.10 | 46400 | 0.14 |
| | 30 Sep 2019 (Bought) | 2000 | 0.01 | 48400 | 0.15 |
| | 04 Oct 2019 (Bought) | 4500 | 0.01 | 52900 | 0.16 |
| | 18 Oct 2019 (Bought) | 7176 | 0.02 | 60076 | 0.18 |
| | 25 Oct 2019 (Bought) | 1979 | 0.01 | 62055 | 0.19 |
| | 01 Nov 2019 (Bought) | 5251 | 0.01 | 67306 | 0.20 |
| | 08 Nov 2019 (Bought) | 86 | 0.00 | 67392 | 0.20 |
| | 15 Nov 2019 (Bought) | 100 | 0.00 | 67492 | 0.20 |
| | 22 Nov 2019 (Bought) | 1066 | 0.01 | 68558 | 0.21 |
| | 06 Dec 2019 (Bought) | 300 | 0.00 | 68858 | 0.21 |
| | 20 Dec 2019 (Bought) | 2300 | 0.01 | 71158 | 0.22 |
| | 27 Dec 2019 (Bought) | 6784 | 0.02 | 77942 | 0.24 |
| | 31 Dec 2019 (Bought) | 1283 | 0.00 | 79225 | 0.24 |
| | 03 Jan 2020 (Bought) | 4641 | 0.01 | 83866 | 0.25 |
| | 10 Jan 2020 (Bought) | 6100 | 0.02 | 89966 | 0.27 |
| | 17 Jan 2020 (Bought) | 5448 | 0.02 | 95414 | 0.29 |
| | 24 Jan 2020 (Bought) # | 5626 | 0.02 | 101040 | 0.31 |
| | 31 Jan 2020 (Bought) | 835 | 0.00 | 101875 | 0.31 |
| | 07 Feb 2020 (Bought) | 6782 | 0.02 | 108657 | 0.33 |

| Sr. No. | For each of the top 10 Shareholders * | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | 14 Feb 2020 (Bought) | 20 | 0.00 | 108677 | 0.33 |
| | 21 Feb 2020 (Bought) | 4802 | 0.01 | 113479 | 0.34 |
| | 28 Feb 2020 (Bought) | 7453 | 0.03 | 120932 | 0.37 |
| | 06 Mar 2020 (Bought) | 15847 | 0.04 | 136779 | 0.41 |
| | 13 Mar 2020 (Bought) | 17093 | 0.06 | 153872 | 0.47 |
| | 20 Mar 2020 (Bought) | 21066 | 0.06 | 174938 | 0.53 |
| | 27 Mar 2020 (Bought) | 4660 | 0.01 | 179598 | 0.54 |
| | 31 Mar 2020 (Bought) | 5297 | 0.02 | 184895 | 0.56 |
| | At the end of the year | | | 184895 | 0.56 |
| 6 | GLOBE CAPITAL MARKET LTD. | | | | |
| | At the beginning of the year | 161894 | 0.49 | | |
| | Increase/Decrease in Shareholding during the year: | | | | |
| | 02 Aug 2019 (Bought) | 500 | 0.00 | 162394 | 0.49 |
| | 13 Sep 2019 (sold) | (500) | (0.00) | 161894 | 0.49 |
| | 27 Sep 2019 (Sold) | (500) | (0.00) | 161394 | 0.49 |
| | At the end of the year | | | 161394 | 0.49 |
| 7 | KALPESH BHUPENDRA VORA | | | | |
| | At the beginning of the year | 158925 | 0.48 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 158925 | 0.48 |
| 8 | MEERA MILIND GADKARI | | | | |
| | At the beginning of the year | 99048 | 0.30 | | |
| | Increase/Decrease in Shareholding during the year: | | | | |
| | 17 May 2019 (Bought) | 364 | 0.00 | 99412 | 0.30 |
| | 24 May 2019 (Bought) | 9946 | 0.03 | 109358 | 0.33 |
| | 31 May 2019 (Bought) | 2000 | 0.01 | 111358 | 0.34 |
| | 14 Jun 2019 (Bought) | 4505 | 0.01 | 115863 | 0.35 |
| | 29 Jun 2019 (Bought) | 3178 | 0.01 | 119041 | 0.36 |
| | 05 Jul 2019 (Bought) | 10377 | 0.03 | 129418 | 0.39 |
| | 19 Jul 2019 (Sold) | (5000) | (0.01) | 124418 | 0.38 |
| | 30 Aug 2019 (Sold) | (5000) | (0.02) | 119418 | 0.36 |
| | 13 Sep 2019 (Sold) | (3000) | (0.01) | 116418 | 0.35 |
| | 25 Oct 2019 (Sold) | (2359) | (0.00) | 114059 | 0.35 |
| | 29 Nov 2019 (Sold) | (2000) | (0.01) | 112059 | 0.34 |
| | At the end of the year | | | 112059 | 0.34 |

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| Sr. No. | For each of the top 10 Shareholders * | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 9 | ASHOKKUMAR GIRIRAJ BANSAL | | | | |
| | At the beginning of the year | 113357 | 0.34 | | |
| | Increase/Decrease in Shareholding during the year: | | | | |
| | 27 Sep 2019 (Sold) | (10028) | (0.03) | 103329 | 0.31 |
| | 30 Sep 2019 (Sold) | (3308) | (0.01) | 100021 | 0.30 |
| | At the end of the year | | | 100021 | 0.30 |
| 10 | SANTOSH GUPTA | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: 04 Oct 2019 (Bought) | 100000 | 0.30 | 100000 | 0.30 |
| | At the end of the year | | | 100000 | 0.30 |
| 11 | FENIL GIRISH BHEDA | | | | |
| | At the beginning of the year | 99109 | 0.30 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 99109 | 0.30 |
| 12. | SATYA NARAYAN G. KEJRIWAL | | | | |
| | At the beginning of the year | 94020 | 0.25 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 94020 | 0.25 |
| 13 | ASHIKA STOCK BROKING LIMITED-MTF-CLIENT A/C-COLLATERAL | | | | |
| | At the beginning of the year | 100000 | 0.30 | | |
| | Increase/Decrease in Shareholding during the year: 07 Oct 2019 (Sold) \$ | (100000) | (0.30) | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |

* Details as per weekly Benpo data received from RTA.

Benpo Date when the said party first appeared in the list of "Top 10 Shareholders".

\$ Benpo Date when the said party last appeared in the list of "Top 10 Shareholders".

v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Surendra Kumar Somany | | | | |
| | At the beginning of the year | 2965695 | 8.98 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 2965695 | 8.98 |

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 2. | Surendra Kumar Somany (HUF) | | | | |
| | At the beginning of the year | 1402579 | 4.25 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 1402579 | 4.25 |
| 3. | Arvind Kumar Somany | | | | |
| | At the beginning of the year | 728217 | 2.20 | | |
| | Increase/ Decrease in Shareholding during the year: 27 Sep 2019 (Bought) | 1600000 | 4.85 | 2328217 | 7.05 |
| | At the end of the year | | | 2328217 | 7.05 |
| 4. | Arvind Kumar Somany (HUF) | | | | |
| | At the beginning of the year | 126631 | 0.38 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 126631 | 0.38 |
| 3. | Brij Kishore Hurkat | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 0 | 0.00 |
| 4. | Shrikant Bhairaveshwar Bhat | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 0 | 0.00 |
| 5. | Malay Harshadbhai Shah | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 0 | 0.00 |
| 6. | Nisha Singh | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 0 | 0.00 |
| 7. | Abhishek Kumar Mishra | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 0 | 0.00 |
| 8. | Maghraj Parakh | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year: | No changes during the year | | | |
| | At the end of the year | | | 0 | 0.00 |

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V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

| Particulars | Secured Loans excluding deposits | Unsecured loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 11,034.36 | 4.19 | - | 11,038.55 |
| ii) Interest due but not paid | 7,450.68 | - | - | 7,450.68 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 18,485.04 | 4.19 | - | 18,489.23 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 1,545.62 | 0.05 | - | 1,545.67 |
| • Reduction | - | - | - | - |
| Net Change | 1,545.62 | 0.05 | - | 1,545.67 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 10,851.77 | 4.24 | - | 10,856.01 |
| ii) Interest due but not paid | 9,178.89 | - | - | 9,178.89 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 20,030.66 | 4.24 | - | 20,034.90 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

| Sr. No. | Particulars of Remuneration | Shri A. K. Somany (M.D.) | Shri S. B. Bhat [WTD, designated as (Executive Director)] | Total Amount |
|---------|---|--------------------------|---|------------------|
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 28,69,500 | 25,95,387 | 54,64,887 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | - | 6,53,829 | 6,53,829 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - As % of profit - Others, specify | - | - | - |
| 5. | Other, please specify | - | - | - |
| | Total (A) | 28,69,500 | 32,49,216 | 61,18,716 |
| | Ceiling as per the Act | | | |

B. Remuneration to other Directors:

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|-------------------|-------------------|-----------------|---------------|---------------|
| | | Shri S. K. Somany | Shri B. K. Hurkat | Shri M. H. Shah | Mrs. N. Singh | |
| 1. | Independent Directors | | | | | |
| | • Fees for attending board meetings and committee meetings | - | 12,500 | 12,500 | 7,500 | 32,500 |
| | • Commission | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - |
| | Total (1) | - | 12,500 | 12,500 | 7,500 | 32,500 |
| 2. | Other Non-Executive Directors | | | | | |
| | • Fees for attending board meetings and committee meetings | 7,500 | - | - | - | 7,500 |
| | • Commission | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - |
| | Total (2) | 7,500 | - | - | - | 7,500 |
| | Total (B)= (1+2) | 7,500 | 12,500 | 12,500 | 7,500 | 40,000 |
| 3. | Total Managerial Remuneration | | | | | |
| 4. | Overall Ceiling as per the Act* | | | | | |

* Presently Independent Directors are paid only sitting fees. All Non-executive/Independent Directors are entitled to reimbursement of expenses for attending Board/Committee Meetings. The remuneration is however well within the limits prescribed under the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

| Sr. No. | Particulars of Remuneration | Shri A. K. Mishra (Company Secretary, designated as Key Managerial Personnel) | Shri M. B. Parakh (CFO, designated as Key Managerial Personnel) | Total Amount |
|---------|---|--|--|------------------|
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 3,91,488 | 10,63,086 | 14,54,574 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 43,912 | 64,452 | 1,08,364 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - As % of profit - Others, specify | - | - | - |
| 5. | Other, please specify | - | - | - |
| | Total | 4,35,400 | 11,27,538 | 15,62,938 |

VII. PENALTIES/ PUNISHMENT/ COMPUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March, 2020.

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ANNEXURE TO THE DIRECTORS' REPORT

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries – NOT APPLICABLE

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures*

(Information in respect of each Associate to be presented with amounts in ₹)

| Sl. No. | Name of Associate | SOMA TEXTILE FZC |
|---------|--|------------------------------------|
| 1. | Latest audited Balance Sheet Date | 31.03.2020 |
| 2. | Shares of Associate held by the company on the year end: | |
| | No. | 300 Equity Shares of AED 1000 each |
| | Amount of Investment in Associates | ₹ 34,21,479 |
| | Extend of Holding% | 40% |
| 3. | Description of how there is significant influence | By virtue of Shareholding |
| 4. | Reason why the associate is not consolidated | NA |
| 5. | Net worth attributable to shareholding as per latest Audited Balance Sheet | ₹ 34,21,479 |
| 6. | Profit/Loss for the year | |
| | i. Considered in Consolidation | (4.23) Lakhs |
| | ii. Not Considered in Consolidation | NA |

*There is no Joint Venture with the Company.

Note:

1. Name of associates or joint ventures which are yet to commence operations - None
2. Name of associates or joint ventures which have been liquidated or sold during the year - None

Sd/-

Sd/-

Sd/-

Sd/-

S. K. Somany
Chairman

A. K. Somany
Managing Director

M. B. Parakh
Chief Financial Officer (CFO)

A. K. Mishra
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE:

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's industrial output with approximately 14 percent of the industry output. The textiles industry is also labour intensive and is one of the largest employers. The textile industry employs about 45 million people directly and 20 million people indirectly. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

Opportunities

The global textile industry will continue to grow along with growing consumption of textile products in developing countries and a gradual economic recovery of major developed economies. 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 and power costs. Currently the Indian Denim Industry is going through sluggish phase due to exponential capacity expansion which has created a time bound oversupply situation. The sector is reeling under liquidity and cost pressure as well due to the unprecedented damage caused by COVID-19.

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 of the Company

3. INFORMATION TECHNOLOGY:

IT department has continued providing stable, faster & easier platform for the users to do their work with more productivity. Strengthening antivirus & security systems have made users' experience safe & secured. They can concentrate on their own work rather than concerned about security & availability of their data.

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

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2020.

1. COMPANY'S PHILOSOPHY ON CORPORATE 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's corporate governance brings direction and control to its affairs in a fashion that ensures optimum returns for all stakeholders. Corporate Governance is a broad framework which defines the way the Company functions and interacts with its environment. The Company fully realizes 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 implementation of STIL's Code for Prohibition of Insider Trading exemplifies this spirit of good ethics.

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. The Company also believes that its operations should ensure that the precious natural resources are utilized in a manner that contributes to the "Triple Bottom Line".

The Company complies with the requirements of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. BOARD OF DIRECTORS

(a) Board's Composition, Category and other relevant details of Directors:

As on 31st March, 2020 the Company's Board of Directors comprised of a judicious mix of Six (6) Directors consisting of Three (3) Non-Executive Independent Directors (including one woman director), One (1) Non-Executive Chairman who is a 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as "the Listing Regulations") 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 Independent Directors are eminent persons armed with professional expertise and experience and Shri S. K. Somany, who is Non-Executive Chairman & Promoter Director, is an Industrialist. The maximum gap between any two meetings of the Board was less than 120 days

which is in conformity with the requirement of Regulation 17(2) of the Listing Regulations. The Composition of the Board of Directors is as follows:-

| Name of Director | Designation | Category of Directorship | No. of Directorship in other Public Companies (*) | No. of Membership/ Chairmanship on other Board Committees other than STIL (**) | | Directorship in other listed entity (Category of Directorship) |
|-------------------|--------------------|---|---|--|--------|---|
| | | | | Chairman | Member | |
| Shri S. K. Somany | Chairman | Promoter Non-Executive Non Independent | 5 | 3 | 1 | 1. The Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited (Non-Executive Independent). 2. Simplex Reality Limited (Non-Executive Independent). 3. The Nav Bharat Refrigeration & Industries Limited (Non-Executive Independent). |
| Shri A. K. Somany | Managing Director | Promoter Executive Non Independent | 1 | - | - | 1. 3P Land Holdings Limited (Non-Executive Independent). |
| Shri S. Bhat | Executive Director | Executive Non Independent | 1 | - | - | - |
| Shri B .K. Hurkat | Director | Non-Executive Independent | - | - | - | - |
| Shri M. H. Shah | Director | Non-Executive Independent | - | - | - | - |
| Mrs. N. Singh | Director | Non-Executive Independent | - | - | - | - |

(*) *The number of Directorships excludes Directorships in Private Limited Companies, Foreign Companies and Companies licensed under Section 8 of the Companies Act, 2013, Memberships of Managing Committees of various Chambers/ Bodies and Alternate Directorships.*

As per the Regulation 17A(1) of the Listing Regulations, the Company declares that none of the Directors of Company are director in more than seven listed companies as per the declarations received from them.

As per the Regulation 17A(2) of the Listing Regulations, the Company declares that none of the Whole-time Director/ Managing Director of Company are serving as an Independent director in more than three listed companies as per the declarations received from them.

(**) *Only the two Committees viz. the Audit Committee and the Stakeholders' Relationship Committee have been considered for this purpose, in terms of Regulation 26 of the the Listing Regulations.*

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As per the Regulation 26 of the Listing Regulations, the Company declares that none of the Directors of Company are member of more than ten(10) board committees nor are they Chairman of more than five(5) board committees of which they are members across all Companies in which they are Directors as per the declarations received from them.

Review of legal compliance reports:

The Board periodically reviews the reports placed by the management with respect to compliance of various laws applicable to the Company. The Internal Auditors also review compliance status and reports the same to the Audit Committee.

Information provided to the Board:

The agenda is circulated in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to deliberate on relevant points and arrive at an informed decision. All material information was circulated to the Directors before the meeting or placed at the meeting including minimum information required to be made available to the Board under Part A Schedule II of the Listing Regulations.

Relationship between Directors inter-se:

No Director is related to any other Director on the Board in terms of provisions of Companies Act, 2013, 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 2019-20, Five (5) Board Meetings were held on 30th May, 2019, 9th August, 2019, 6th September, 2019, 6th November, 2019, and 7th February, 2020. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 2013 and Regulation 17 of the Listing Regulations. The last, 81st Annual General Meeting held on 2nd September, 2019. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows:

| Name of Director | No. of Board Meetings attended | Attendance at last AGM |
|-------------------|--------------------------------|------------------------|
| Shri S. K. Somany | 3 | Yes |
| Shri A. K. Somany | 5 | No |
| Shri S. B. Bhat | 4 | No |
| Shri B. K. Hurkat | 5 | Yes |
| Shri M. H. Shah | 5 | No |
| Mrs. N. Singh | 3 | No |

(c) Details of shares and convertible instruments held by Non-Executive Directors as on 31st March, 2020:

As on 31st March, 2020, Shri S. K. Somany, Non-Executive Promoter Directors of the Company held shares of the Company as disclosed hereunder. The Company does not have any convertible instruments and Employees Stock Option under the Scheme as at 31st March, 2020.

| Name of Non-Executive Director | No. of shares held | % of total share capital |
|--------------------------------|--------------------|--------------------------|
| Shri S. K. Somany | 29,65,695 | 8.98 |

(d) Code of Conduct

The Board has adopted a Code of Conduct for its Board Members and Senior Management Personnel, including Code of Conduct for Independent Directors and has posted it on the Company's website www.somatextiles.com in terms of Regulation 17 of the Listing Regulations. 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 Regulation 26(3) affirms the compliance with the Code of Conduct by the Board Members and Senior Management for the year under review. Independent Directors should be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently with respect of the provisions contained in the Listing Regulations. The Code of Conduct is available on the Company's website www.somatextiles.com. A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

(e) Information about Directors Seeking Appointment / Re-appointment at the ensuing Annual General Meeting as required under Regulation 36(3) of the Listing Regulations:-

Shri S. B. Bhat (Shri Bhat), Director of the Company retires by rotation at the ensuing 82nd Annual General Meeting (AGM) of the Company and is eligible for re-appointment.

The brief profile of Shri S. B. Bhat and his other relevant particulars are furnished in the Notice convening the 82nd Annual General Meeting of the Company to be held on Tuesday, the 15th September, 2020.

3. INDUCTION AND TRAINING OF BOARD MEMBERS

At the time of appointing a Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company.

The Director is also explained in detail the compliances required from him / her under the Companies Act, 2013, the Listing Regulations and other relevant regulations.

At various Board Meetings during the year, quarterly presentations are made on operations that include information on business performance, operations, projects, market share, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances etc.

With a view to familiarise him/her with the Company's operations, the Managing Director has a personal discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfill his/her role as a Director of the Company.

During the year, the Company had made arrangements from time to time to familiarise the Directors about their roles, responsibilities and duties as Directors. The Directors were provided an overview of;

- Criteria of independence applicable to Independent Directors as per the applicable regulation(s) of the Listing Regulations and the Companies Act, 2013;
- Roles, functions, duties, responsibilities and liabilities of Directors;
- Director's Responsibility Statement forming part of Boards' Report;
- Vigil Mechanism including policy formulation, disclosures, code for Independent Directors, obtaining Audit Committee approval, wherever required;
- Risk Management strategies;
- Board evaluation process and procedures;
- Dealing with Related Party Transactions under the Companies Act, 2013 and the Listing Regulations;
- Internal Financial Controls and
- Fraud Reporting

The details of familiarisation programs have been posted on the website of the Company, web link of the same is http://www.somatextiles.com/soma-pdfs/Policies/Familiarisation_Programme_for_Independent_Directors.pdf.

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| | |
|-----------------------|---|
| Global Business | Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions. |
| Strategy and Planning | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments. |
| Governance | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values. |

4. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

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The Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Directors and other Directors, Board of Directors and the various committees of the Board of Directors. The criteria for performance evaluation cover the areas relevant to their functioning as Chairman, Independent Directors or other Directors, Member of Board or Committees of the Board. A structured questionnaire, evolved through discussions within the Board, has been used for this purpose.

The purposes of evaluation of the Board and its Committees was to analyse how the Board and its Committees are functioning, the time spent by the Board while considering matters and whether the terms of reference of the Board Committees have been met, beside compliance of provisions of the Act and the Listing Regulations.

The Directors expressed their satisfaction with the evaluation process. However, given the nascent nature of this process, the evaluation process will be strengthened through experience and also by identifying best practices used by other companies.

The Company hereby confirms that in the opinion of the Board, all the Independent Directors are fulfill the conditions specified in the Listing Regulations and are independent of the management.

5. BOARD COMMITTEES

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

As on 31st March, 2020, the Company has four (4) Board level Committees namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and, Share Transfer Committee.

A) AUDIT COMMITTEE

The Board had, at its meeting held on 25th January, 2001, constituted the Audit Committee in compliance with the requirement under Section 177 of the Companies Act, 2013, read with rules made thereunder and Regulation 18 of the Listing Regulations.

The present terms of reference of the Audit Committee includes the powers as laid out in Regulation 18(2)(c) and role as stipulated in Regulation 18(3)(A) of the Listing Regulations.

The role, powers and terms of reference of this Committee also covers the areas as contemplated under Section 177 of the Companies Act, 2013 and the Committee also complies with the relevant provisions of the Companies Act, 2013.

a) Terms of reference

The terms of reference of this committee are wide enough to cover the matters specified for Audit Committee under Regulation 18 of the Listing Regulations as well as in Section 177 of the Companies Act, 2013.

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 Regulations, Companies Act, and other Statutes.

The Company generally considers and reviews all items listed in the Regulation 18(3)(A) of the Listing Regulations. The Committee mandatorily reviews information as per the requirement of Regulation 18(3)(B) of the Listing Regulations and such other matters as considered appropriate by it or referred to it by Board.

b) Composition

As on 31st March, 2020, the Audit Committee consisted of Five(5) members, of this, Three(3) Non-Executive Independent Directors and 1 (One) Non-Executive Promoter Director were members of the Committee.

Thus the composition of the Committee consisted of two-thirds or majority of Non-Executive Independent Directors is in conformity with requirements of the provisions of Section 177(2) of the Companies Act, 2013, read with rules made thereunder and also with requirements of the Regulation 18(1) of the Listing Regulations. The Committee was chaired by Shri B. K. Hurkat, 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. The Chairman of the Audit Committee was attended the 81st AGM held on 2nd September, 2019 to answer shareholders queries. Shri A. K. Mishra, Company Secretary, acts as Secretary to the Committee.

c) Meetings

During the financial year 2019-20, five(5) Audit Committee meetings were held on 30th May, 2019, 9th August, 2019, 6th September, 2019, 6th November, 2019, and 7th February, 2020. The maximum gap between any two meetings was less than 120 days. 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:-

| Name of the Member | Category of Directorship | Status | No. of Meetings attended |
|---------------------------|------------------------------------|---------------|---------------------------------|
| Shri S. K. Somany | Non-Executive Director – Promoter | Member | 3 |
| Shri B. K. Hurkat | Non-Executive Independent Director | Chairman | 5 |
| Shri M. H. Shah | Non-Executive Independent Director | Member | 5 |
| Mrs. N. Singh | Non-Executive Independent Director | Member | 3 |

B) NOMINATION AND REMUNERATION

The Board of Directors of the Company had, at its meeting held on 31st January, 2002, constituted the Remuneration Committee and further at its meeting held on 14th August, 2014, re-constituted and renamed this Committee as “Nomination and Remuneration Committee” in terms of requirement under the provisions of Section 178 of the Companies Act, 2013, read with rules made thereunder and in conformity with Regulation 19 of the Listing Regulations.

The present terms of reference of the Nomination and Remuneration Committee includes the role as stipulated in Regulation 19(4), read with Part D of Schedule II of the Listing Regulations.

The role, powers and terms of reference of this Committee also covers the areas as contemplated under Section 178 of the Companies Act, 2013 and the Committee also complies with the relevant provisions of the Companies Act, 2013.

a) Terms of reference

The terms of reference of this committee are wide enough to cover the matters specified for Nomination and Remuneration Committee under Regulation 19 of the Listing Regulations as well as in Section 178 of the Companies Act, 2013.

The Committee is empowered -

- (i) Formulate criteria for determining qualifications, positive attributes and independence of Directors and evaluating the performance of the Board of Directors.
- (ii) Identification and assessing potential individuals with respect to their expertise, skills, attributes, personal and professional standing for appointment and re-appointment as Directors/ Independent Directors on the Board and as Key Managerial Personnels.
- (iii) Support Board in evaluation of performance of all the Directors & in annual self-assessment of the Board's overall performance.
- (iv) Conduct Annual performance review of MD and CEO and Senior Management Employees;
- (v) Administration of Employee Stock Option Scheme (ESOS);
- (vi) Formulate a policy relating to remuneration for the Directors, Committee and also the Senior Management Employees.

(vii) 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 Nomination and Remuneration Committee.

b) Composition

As on 31st March 2020, the Nomination and Remuneration Committee consisted of 4 (Four) Non-Executive Directors, three of whom, including the Chairman Shri B. K. Hurkat, Shri M. H. Shah and Mrs. N. Singh were Independent Non-Executive Directors and Shri S. K. Somany, was the Non-Executive Chairman & Promoter Director of the Company. Shri A. K. Mishra, Company Secretary, acts as Secretary to the Committee. During the year under review one (1) Nomination and Remuneration Committee Meeting were held on 30th May, 2019, to review and recommend annual increments to the Whole-time Directors. All the members attended the said Meeting.

The Composition of Nomination and Remuneration Committee and attendance of each director are given below:-

| Name of the Member | Category of Directorship | Status | No. of Meetings attended |
|--------------------|--------------------------------------|----------|--------------------------|
| Shri S. K. Somany | Non-Executive Director – Promoter | Member | 1 |
| Shri B. K. Hurkat | Non-Executive Director – Independent | Chairman | 1 |
| Shri M. H. Shah | Non-Executive Director – Independent | Member | 1 |
| Mrs. N. Singh | Non-Executive Director – Independent | Member | 1 |

c) Nomination and Remuneration Policy:

Salient Features of Nomination and Remuneration Policy:

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, NON-EXECUTIVE/ INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The Board of Directors of your Company, based on the recommendation of the Nomination and Remuneration Committee, has devised a Remuneration Policy designed to attract, motivate, improve productivity and retain valuable talent, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement. The Remuneration Policy shall act as a guideline for determining, inter-alia, the qualifications, positive attributes and independence of a Director, and matters relating to the remuneration, appointment, removal and evaluation of performance of Directors, key managerial personnel, senior management and other employees. The Remuneration Policy has been uploaded on the website of your Company at: www.somatextiles.com.

General:

- (1) The remuneration/ compensation/ commission etc. to the Whole-time Director, Non-Executive/ Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/ post approval of the shareholders of the Company and Central Government, wherever required.
- (2) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions as per the provisions of the Companies Act, 2013, and the Rules made there under.
- (3) Increments to the existing remuneration/ compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- (4) The Committee while determining the remuneration package of the Directors, Key Managerial Personnel and Senior Management may take into account, all or any of the following:
 - (a) The requirement of the Company, specifically in terms of the skill sets required, the qualification of the persons being considered and the long term and short term goals of the Company;
 - (b) Interests of the shareholders and the financial and commercial health of the Company;
 - (c) Individual performance of the persons being considered;

- (d) Performance of the Company;
- (e) Remuneration packages offered by companies of comparable size in the same business as the Company;
- (f) Remuneration package offered at the same level by companies of comparable size in other businesses; and
- (g) Other relevant factors it deems necessary.

Remuneration to Whole-time Director, KMP and Senior Management Personnel:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

Remuneration to Non- Executive/Independent Director:

(1) Remuneration/Commission:

Non-Executive Directors may receive remuneration by way of profit related commission as may be approved by the shareholders and in such other manner as may be permitted under applicable law. An Independent Director shall not be entitled to any stock option.

(2) Sitting Fees:

Non-executive Directors of the Company may be entitled to a sitting fee and reimbursement of expenses for participation in the Board and other meetings, as determined by the Board or the Company in accordance with the provisions of the Companies Act. Sitting fee and reimbursement of expenses for participation in the Board and other meetings will not be considered as a part of remuneration for determining the aggregate managerial remuneration being paid to Directors in accordance with this Policy.

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

(Amount in ₹)

| Name of Director | Basic Salary & Allowances | Perquisites & other benefits | Contribution to PF | Sitting Fees | Total |
|--------------------|---------------------------|------------------------------|--------------------|--------------|-----------|
| Shri S. K. Somany | - | - | - | 7,500 | 7,500 |
| Shri A. K. Somany | 28,69,500 | - | 2,93,940 | - | 31,63,440 |
| Shri Shrikant Bhat | 25,95,387 | 6,53,829 | 2,69,484 | - | 35,18,700 |
| Shri B. K. Hurkat | - | - | - | 12,500 | 12,500 |
| Shri M. H. Shah | - | - | - | 12,500 | 12,500 |
| Mrs. N. Singh | - | - | - | 7,500 | 7,500 |

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

The appointment of Shri A. K. Somany, Managing Director is contractual for a period of 3(Three) years commencing from 22nd January, 2020. 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 18th January, 2019. 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.

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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) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors of the Company had, at its meeting held on 28th June, 2001, constituted the Shareholders'/ Investors' Grievance Committee, in terms of Regulation 20 of the Listing Regulations and had at its meeting held on 14th August, 2014, re-constituted and renamed the Committee as "Stakeholders Relationship Committee", in place of Shareholders'/Investors' Grievance Committee, in terms of requirement under the provisions of Section 178 of the Companies Act, 2013, read with the rules made thereunder and in conformity with the Regulation 20 of the Listing Regulations.

The Company attaches highest importance to the Investor relations. The Board of Directors of the Company have re-constituted the Stakeholders' Relationship Committee to focus on the prompt and effective redressal of the shareholders complaints, grievances and other various aspects of interest of the shareholders 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 Companies Act, 2013 and the Listing Regulations, which inter-alia include overseeing and reviewing various aspects of interest of the shareholders as per applicable statutory and regulatory provisions.

The gist of terms of reference is as under:-

- ▶ Redressing complaints and grievances of security holders 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 31.03.2020, the Stakeholders' Relationship Committee comprised of Five (5) members, of this, Three (3) 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 29th June, 2019, 30th September, 2019, 31st December, 2019 and 31st March, 2020. The attendance of members was as follows:

| Name of Member | Category of Directorship | Status | No of Meetings attended |
|-------------------|---|----------|-------------------------|
| Shri S. K. Somany | Non-Executive Non-Independent Promoter Director | Chairman | 4 |
| Shri A. K. Somany | Executive Non-Independent Promoter Director | Member | 4 |
| Shri B. K. Hurkat | Non-Executive Independent Director | Member | 4 |
| Shri M. H. Shah | Non-Executive Independent Director | Member | 4 |
| Mrs. N. Singh | Non-Executive Independent Director | Member | - |

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 the Listing Regulations. This E-mail ID is displayed on the Company's Website, i.e.: www.somatextiles.com

Shri A. K. Mishra, 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.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web based complaints redressed system. The salient features of this system are, Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of action taken on the complaints and its current status.

D) SHARE TRANSFER COMMITTEE

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

a) Terms of reference

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

Gist of terms of reference

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

b) Composition

As on 31st March, 2020 the Share Transfer Committee comprised of one (1) Non-Executive Non-Independent Promoter Director as Chairman, Three (3) Non-Executive Independent Directors and One (1) Executive Non-Independent Promoter Director as members of the Committee. During the year under review, the Committee had Twelve (12) Meetings for approval of transfer of shares lodged with the Company and the attendance of members was as under:-

| Name of Member | Category of Directorship | Status | No. of Meetings attended |
|-------------------|---|----------|--------------------------|
| Shri S. K. Somany | Non-Executive Non-Independent Promoter Director | Chairman | 4 |
| Shri A. K. Somany | Executive Non-Independent Promoter Director | Member | 12 |
| Shri B. K. Hurkat | Non-Executive Independent Director | Member | 12 |
| Shri M. H. Shah | Non-Executive Independent Director | Member | 12 |
| Mrs. N. Singh | Non-Executive Independent Director | Member | – |

There were no valid share transfers pending for registration for more than 15 days as on 31st March, 2020.

E) SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on Tuesday, 5th November, 2019, inter alia, to discuss:

- ▶ Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- ▶ Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- ▶ Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

4. SUBSIDIARY COMPANY

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

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5. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website i.e. http://www.somatextiles.com/soma-pdfs/Policies/Related_Party_Transactions_Policy.pdf.

6. GENERAL BODY MEETINGS

A. Annual General Meeting:

(i) Location and time of last three Annual General Meetings (AGM) are as under:-

| Financial Year | AGM | Date | Time | Location |
|----------------|------------------|------------|------------|--|
| 2018-19 | 81 st | 02.09.2019 | 3:00 P.M. | Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001. |
| 2017-18 | 80 th | 13.09.2018 | 3:00 P.M. | - Same as above - |
| 2016-17 | 79 th | 25.08.2017 | 12:00 Noon | - Same as above - |

(ii) Special Resolution passed in the previous three AGMs:-

| In the AGM held on | Subject matter of the resolution |
|----------------------------------|--|
| 2 nd September, 2019 | a) Continuation of Directorship of Shri S. K. Somany b) Continuation of Directorship of Shri B. K. Hurkat c) Appointment of Shri B. K. Hurkat, as Independent Director d) Appointment of Shri M. H. Shah, as an Independent Director e) Appointment of Mrs. N. Singh, as an Independent Director f) Re-appointment of Shri A. K. Somany, as Managing Director, for Three (3) years from 22 nd January, 2020. |
| 13 th September, 2018 | g) Re-appointment of Shri S. B. Bhat, as whole-time Director for Three (3) years from 18 th January, 2019. h) Commission to Directors of the Company in the event of profits (Other than the Managing and Whole-time Director). |
| 25 th August, 2017 | To authorize the Company to charge for service of documents to Members of the Company pursuant to Section 20 of the Companies Act, 2013. |

B. Extra-Ordinary General Meeting – NIL

C. Special Resolution(s) passed through Postal Ballot:

During the fiscal 2020, the Company passed the following Special Resolution by Postal Ballot:

| Sr. No. | Special Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of results |
|---------|--|----------------------|--------|--------------------|------|--------------------------------|
| | | No. of votes | % | No. of votes | % | |
| 1. | Fresh approval to the re-appointment of and remuneration payable to Shri A. K. Somany, as Managing Director of the Company, upon abatement of his earlier applications filed by Company to the Central Government, in terms of the MCA Notification No. S.O. 4823 (E) dated 12 th September, 2018 and the amended Sections 196, 197, 198, 200 and 201 of the Companies Act, 2013, as amended by sections 66 to 70 of the Companies (Amendment) Act, 2017 effective from 12 th September, 2018. | 21123771 | 100.00 | 200 | 0.00 | 16.05.2019 |

| Sr. No. | Special Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of results |
|---------|--|----------------------|--------|--------------------|------|--------------------------------|
| | | No. of votes | % | No. of votes | % | |
| 2. | Fresh approval to the re-appointment of and remuneration payable to Shri S. B. Bhat, as Whole Time Director of the Company, upon abatement of his earlier applications filed by Company to the Central Government, in terms of the MCA Notification No. S.O. 4823 (E) dated 12 th September, 2018 and the amended Sections 196, 197, 198, 200 and 201 of the Companies Act, 2013, as amended by sections 66 to 70 of the Companies (Amendment) Act, 2017 effective from 12 th September, 2018. | 21123771 | 100.00 | 200 | 0.00 | 16.05.2019 |

The Company successfully completed the process of obtaining approval of its shareholders for special resolution on the item detailed above, vide postal ballot.

The Board had appointed Shri Pravin Kumar Drolia, F.C.S., Practicing Company Secretary, Proprietor, Drolia & Company of Kolkata, as a Scrutinizer to conduct the Postal Ballot Process in a fair and transparent manner.

Procedure for Postal Ballot:

Pursuant to provisions of Sections 108, 110 and other applicable provisions, if any, of the Companies Act, 2013, (Act) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Standard 16 Secretarial Standard - 2 (SS-2), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable from time to time, the Company provides electronic voting facility to all its members, to enable them to cast their votes through Postal Ballot which includes electronic voting (remote e-voting). The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/ list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period fixed by the Company. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting, as fixed by the Company.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/Authorized officer. The results are also displayed on the website of the Company i.e. www.somatextiles.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

7. 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.

8. 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 party(ies) transactions have been disclosed in the Notes to the Accounts, in the Financial Statements of the Company as at 31st March, 2020.

(ii) Compliance

There were no instances of non-compliance on any matter related to the capital markets, during the last three years. During the year ender review, BSE Limited has imposed penalty regarding non-filing of the Consolidated Financial Results of the Company for the quarter ended 30th June, 2019, as identified and indicated by the BSE Limited vide their letter no. LIST/COMP/521034/ REG.33-JUN-19/164/2019-20 dated 30th August, 2019 and the consolidated financial result was submitted by the Company on 6th September, 2019 to the BSE Limited.

(iii) Whistle Blower Policy

The Board on 14th November, 2014 has formulated a Whistle Blower Policy for directors and employees of the Company. The Policy comprehensively provides an opportunity for an employee/ Director to report the instances of unethical behavior, actual or suspected fraud or any, violation of the Code of Conduct and/or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the Directors/Employees and also posted on Company's intranet. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013. No personnel is being denied any access to the Audit Committee. The details of establishment of Whistle Blower Policy/Vigil Mechanism are available on the web link given below: http://www.somatextiles.com/soma-pdfs/Policies/Risk_Management_Policy.pdf.

(iv) Certification from Company Secretary in Practice

Pravin Kumar Drolia of Drolia & Co., Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure 'A'.

(v) Acceptance of recommendations by the Board

During the financial year 2019-20, the Board had accepted all the recommendation(s)/ submission(s) of the Committees of the board, which was mandatorily required for their approval.

(vi) Compliance with Mandatory/ Non-Mandatory requirements of the Listing Regulations

The Company has complied with all the mandatory requirements of the Listing Regulations. The Company has adopted following non-mandatory requirements of the Listing Regulations:-

Shareholders Rights: The quarterly, half-yearly and annual financial results of the Company are published in newspaper and are also posted on the Company's corporate website. The complete Annual Report is sent to every Shareholder of the Company.

Audit Qualification: It has always been the Company's endeavor to present unqualified financial statements. There are no audit qualifications for the year ended 31st March, 2020

(vii) CEO and CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with Part B of Schedule II of the Listing Regulations. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 17 of the Listing Regulations. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

(viii) Risk Management

The Company has laid down the Risk Management Policy for 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.

(ix) 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 the Listing Regulations. |
| (ii) Newspaper wherein results normally published | Business Standard (English), Kolkata and Ekdin (Bengali), Kolkata. |
| (iii) Any Web Site, where displayed | The Company has its own website www.somatextiles.com where information about the Company is displayed and regularly updated. Shareholders/Investors can view the Company's Quarterly Un-audited and Annual Audited Financial Results on the Company's website. |
| (iv) Whether it also displays official News releases | No |
| (v) The representations made to Institutional Investors or to the Analysts | No |
| (vi) NSE Electronic Application Processing System (NEAPS) | The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings, like the Shareholding pattern, Corporate Governance Report etc. are also filed electronically on NEAPS. |
| (vii) BSE Electronic Application Processing System (BSE Listing Centre) | The 'BSE Listing Centre' (listing.bseindia.com) is a web-based application designed by BSE for Corporates. All periodical compliance filings, like the Shareholding pattern, Corporate Governance Report etc. are also filed electronically on BSE Listing Centre. |

9. GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting:

The 82nd Annual General Meeting is proposed to be held on Tuesday, the 15th September, 2020 at 3:00 P.M. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

(ii) Financial Year :

2020-2021 (1st April to 31st March)

| | |
|--|---|
| First Quarterly results | Within 45 days of end of June quarter 2020 |
| Second Quarterly Results | Within 45 days of end of September quarter 2020 |
| Third Quarterly Results | Within 45 days of end of December quarter 2020 |
| Audited Financial Results for the year ending 31.03.2021 | Within 60 days of end of Financial Year March, 2021 |

(iii) Date of Book Closure:

Friday, the 4th September, 2020 to Tuesday, the 15th September, 2020 (both days inclusive).

(iv) Dividend Payment Date:

No dividend has been declared by the Company for the financial year 2019-20.

(v) Listing on Stock Exchanges

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

(a) BSE 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 2019-20.

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

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(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 2019 | 5.00 | 3.70 | 5.00 | 4.54 |
| May 2019 | 4.20 | 3.25 | 4.43 | 2.81 |
| June 2019 | 4.50 | 2.65 | 4.11 | 2.80 |
| July 2019 | 2.95 | 2.40 | 3.07 | 2.27 |
| August 2019 | 3.55 | 2.20 | 3.51 | 2.16 |
| September 2019 | 4.05 | 3.10 | 4.50 | 3.44 |
| October 2019 | 3.30 | 2.60 | 3.32 | 2.54 |
| November 2019 | 3.25 | 2.55 | 3.62 | 2.75 |
| December 2019 | 3.55 | 2.85 | 4.03 | 3.04 |
| January 2020 | 3.60 | 2.90 | 3.76 | 3.05 |
| February 2020 | 3.10 | 1.95 | 2.91 | 2.02 |
| March 2020 | 2.10 | 1.75 | 2.18 | 1.89 |

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

| Months | BSE | | BSE INDEX | |
|----------------|----------|---------|-----------|----------|
| | High (₹) | Low (₹) | High | Low |
| April 2019 | 5.00 | 4.54 | 39487.45 | 38460.25 |
| May 2019 | 4.43 | 2.81 | 40124.96 | 36956.10 |
| June 2019 | 4.11 | 2.80 | 40312.07 | 38870.96 |
| July 2019 | 3.07 | 2.27 | 40032.41 | 37128.26 |
| August 2019 | 3.51 | 2.16 | 37807.55 | 36102.35 |
| September 2019 | 4.50 | 3.44 | 39441.12 | 35987.80 |
| October 2019 | 3.32 | 2.54 | 40392.22 | 37415.83 |
| November 2019 | 3.62 | 2.75 | 41163.79 | 40014.23 |
| December 2019 | 4.03 | 3.04 | 41809.96 | 40135.37 |
| January 2020 | 3.76 | 3.05 | 42273.87 | 40476.55 |
| February 2020 | 2.91 | 2.02 | 41709.30 | 38219.97 |
| March 2020 | 2.18 | 1.89 | 39083.17 | 25638.90 |

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

Link Intime India Private Limited

Unit: Soma Textiles & Industries Limited

Address: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083.

Phone No.: 022-49186270, E-mail: rnthelpdesk@linkintime.co.in

and/ or,

Branch office at: 5th Floor, 506 to 508, Amarnath Business Centre – I (ABC - I),

Besides Gala Business Center, Near St. Xavier's College Corner,

Off. C. G. Road, Navarangpura, Ahmedabad, Gujarat – 380009.

Phone No. : 079-2646 5179, E-mail: ahmedabad@linkintime.co.in

(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 15 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 Regulation 40(9) of the Listing Regulations 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:

The shareholding distribution of equity shares as at 31st March, 2020 is given below:

(a) Distribution of shareholding by number of shares held:

| No. of shares | | Shareholders | | Shareholding | |
|---------------|-------|--------------|---------------|-----------------|-------------------|
| From | To | Number | % of total | No. of Shares | % of total shares |
| 1 | 500 | 8373 | 76.6127 | 1588971 | 4.8103 |
| 501 | 1000 | 1128 | 10.3212 | 997088 | 3.0185 |
| 1001 | 2000 | 613 | 5.6089 | 1005827 | 3.0449 |
| 2001 | 3000 | 233 | 2.1319 | 619772 | 1.8762 |
| 3001 | 4000 | 111 | 1.0156 | 408739 | 1.2374 |
| 4001 | 5000 | 135 | 1.2352 | 648196 | 1.9623 |
| 5001 | 10000 | 190 | 1.7385 | 1435516 | 4.3457 |
| 10001 | Above | 146 | 1.3359 | 26328891 | 79.7048 |
| Total | | 10929 | 100.00 | 33033000 | 100.00 |

(b) Distribution of shareholding by ownership:

| Category | No. of shares held | % shares holding |
|--|--------------------|------------------|
| Promoters | 21035017 | 63.67 |
| Resident Individuals | 10350888 | 31.34 |
| Private Corporate Bodies | 928689 | 2.81 |
| Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds | 12544 | 0.04 |
| OCBs and NRIs | 94493 | 0.29 |
| Foreign Institutional Investors | 400 | 0.00 |
| Others (Clearing Members, Trusts & HUF) | 610969 | 1.85 |
| Total | 33,033,000 | 100.00 |

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(xiv) Dematerialisation of Equity Shares

At present, 98.47% of total Paid-up Equity Share Capital is held in dematerialised form with NSDL and CDSL.

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

As on 31st March, 2020, the Company had no outstanding GDRs/ADRs/warrants or any convertible instruments.

(xvi) Plant Locations

Rakhial Road, Ahmedabad – 380 023, Phone No.: 079-22743285-8

(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

On behalf of the Board

Place : Ahmedabad
Date : 30th June 2020

(S. K. SOMANY)
Chairman

Annexure – A**CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and schedule V para C clause 10(i) of the SEBI
(Listing Obligation and Disclosure Requirements) Regulations 2015

To
The Members,
Soma Textiles & Industries Limited,
2, Red Cross Place,
Kolkata – 700 001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s Soma Textiles & Industries Limited having CIN: L51909WB1940PLC010070 and having registered office at 2, Red Cross Place, Kolkata– 700001 and (herein referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number(DIN) status at the portal www.mca.gov.in, as considered necessary and explanations furnished to us by the Company and its officers, we here by certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the SEBI, MCA or other Statutory Authority as the case may be.

| Sr. No. | Name of the Director | DIN | Date of Appointment |
|----------------|----------------------------------|------------|----------------------------|
| 1 | Shri Surendra Kumar Somany | 00001131 | 01/04/1949 |
| 2 | Shri Arvind Kumar Somany | 00024903 | 29/09/1988 |
| 3 | Shri Brijkishore Ramniwas Hurkat | 02005896 | 30/01/2009 |
| 4 | Shri Shrikant Bhairaveshwar Bhat | 00650380 | 18/01/2008 |
| 5 | Shri Malay Harshadbhai Shah | 01394920 | 10/02/2015 |
| 6 | Smt. Nisha Singh | 07094208 | 17/09/2015 |

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata
Date: 12-06-2020
UDIN: F002366B00033946

FOR DROLIA & COMPANY
Company Secretaries

(Pravin Kumar Drolia)
Proprietor
FCS: 2366
C.P.No.: 1362

DECLARATION OF CODE OF CONDUCT

To
The Members of
Soma Textiles & Industries Limited

Sub: Declaration by the Managing Director (CEO) under SEBI (LODR) Regulations, 2015

I, Arvind Kumar Somany, Managing Director of Soma Textiles & Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2020.

Place: Ahmedabad
Date: 30th April, 2020

(Arvind Kumar Somany)
Managing Director (CEO)
(DIN: 00024903)

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER THE LISTING REGULATIONS**

To
The Members of
Soma Textiles & Industries Limited

We have examined the compliance of conditions of corporate governance by M/s. Soma Textiles & Industries Ltd., for the year ended on 31st March 2020, as stipulated in SEBI (LODR) Regulations, 2015 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 the Listing Regulations.

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 **A. K. OSTWAL & CO.**
Chartered Accountants

Ashok Kumar Jain
(Partner)

Place : Ahmedabad
Date : 07th August, 2020

M. No.: 038521, F.R.N.: 107200W
UDIN:20038521AAAAEJ9655

INDEPENDENT AUDITOR'S REPORT

To the Members of
Soma Textiles & Industries Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **SOMA TEXTILES & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis of opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to Going Concern

We draw attention to Note No. 40 to the standalone financial statements regarding preparation of the standalone financial statements on going concern basis for the reason stated therein. The appropriateness of the assumption of the going concern is dependent upon realization of the various initiatives under taken by the Company/ or the Company's ability to raise requisite finance / generate cash flows in future to meet its obligations.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to:

1. Note no. 40 of Statement regarding preparation of the standalone Ind AS financial statements on going concern basis for the reason stated therein. The appropriateness of the assumption of the going concern is dependent upon realization of the various initiatives under taken by the Company/ or the Company's ability to raise requisite finance / generate cash flows in future to meet its obligations.
2. Note No. 43 of the standalone Ind AS financial statement, stating that company had close down its Dying & Seizing, weaving and partly finishing section of the denim unit w.e.f. closing hours of 31.10.2018 due to continuous EBIDTA loss, high operative costs and other adverse factors.
3. The company had advanced a loan to the tune of ₹ 9505.07 Lakhs (Previous year ₹ 8,547.61 Lakhs) to Soma Textiles FZC (UAE) out of GDR proceeds, classified as Non-Current Loan. The Company has quasi-equity in addition to the capital contribution to 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 statement of Soma Textiles FZC ended as at 31st March, 2020 the accumulated loss reflects at AED 6,79,137 as against the total capital of AED 9,00,000 (including statutory reserves)
4. We draw attention to Note no. 2.21(vii) to the accompanying standalone Ind AS financial statements, the management has considered internal and external information upto the date of this report in respect of the current and estimated future impact, including Indian economic indicators, consequent to the global health Pandemic of Covid-19. The actual impact of the pandemic may be different from that considered in view of the highly uncertain economic environment and the evolving scenario.

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5. Some of the balances of borrowings, Trade Receivables, Deposits, Loans and Advances, Advance received from customers and Trade payable are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

Information other than the financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

1. As required by the section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with Ind AS specified under Section 133 of the Act;
 - e) The matter described in the material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company;
 - f) On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - h) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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- i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in the standalone Ind AS financial statements (refer note 36);
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were require to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For, **A.K. OSTWAL & CO**
CHARTERED ACCOUNTANTS
F.R.N. No.: 107200W

ASHOK KUMAR JAIN
PARTNER

Date : 30th June, 2020
Place : Ahmedabad

M.No.: 038521
UDIN:20038521AAAADK2386

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SOMA TEXTILES & INDUSTRIES LIMITED, ON STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the standalone Ind AS financial statements of **SOMA TEXTILES & INDUSTRIES LIMITED** ("the Company") as at end for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements of external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of dispositions of the assets of the company; (2) provide reasonable assurance that transactions recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Control over Financial Reporting

Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, **A.K. OSTWAL & CO**
CHARTERED ACCOUNTANTS
F.R.N. No.: 107200W

ASHOK KUMAR JAIN
PARTNER

Date : 30th June, 2020
Place : Ahmedabad

M.No.: 038521
UDIN:20038521AAAADK2386

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SOMA TEXTILES & INDUSTRIES LIMITED, ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties other than self-constructed immovable property (buildings), as disclosed in fixed assets to the financial statements, are held in the name of the Company.
2. As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
3. The Company has granted an unsecured interest free loan to its Associate, SOMA TEXTILE FZC. Such Associate is covered in the register maintained under section 189 of the Act. Total amount outstanding on 31st March 2020, was ₹ 9505.07 Lakhs.
 - a) There are no terms and conditions set out by the company as on date for the loan given to Soma Textile FZC, therefore we are unable to report on regularity of receipt of principal amount.
 - b) As there is no stipulation of repayment of loan by the Associate, we are unable to report on regularity of repayment of principal.
 - c) As there is no set terms and conditions for the repayment, there are no overdue amounts in respect of the loan granted to the Associate.
4. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
6. We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7.
 - a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it. Further, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

b) Following amounts have not been deposited as on 31st March, 2020 on account of dispute are given below:

| Name of the Statute | Nature of Dues | Amount (₹ In lakhs) | Amount paid/ Adjusted | Period to which the amount relates | Forum where dispute is pending |
|---------------------------------|-----------------|---------------------|-----------------------|------------------------------------|---|
| Central Excise Act | Excise Duty | 1.59 | - | 2004-05 | The Dy. Commissioner of C. Excise, Div-I, Ahmedabad |
| | | 24.85 | - | 2002-03 | The Dy. Commissioner of C. Excise, Div-III, Ahmedabad |
| | | 0.98 | - | 2005-06 | The Commissioner of C. Excise, (Appeals) Ahmedabad |
| | | 5.81 | - | 2012-13 | CESTAT, West Zone Ahmedabad (Appeal) |
| Gujarat Sales Tax Act | Sales Tax (VAT) | 6.17 | - | 1997-98, 1998-99, 2000-01 | Gujarat Value Added Tax Tribunal |
| | | 21.66 | - | 2005-06 | Gujarat Value Added Tax Tribunal |
| Income Tax Act | Income Tax | 144.25 | 110.08 | 2008-09 | Commissioner of Income Tax (Appeal) |
| | | 138.91 | - | 2009-10 | Commissioner of Income Tax (Appeal) |
| | | 391.25 | - | 2010-11 | Commissioner of Income Tax (Appeal) |
| Employees Provident Fund | P.F | 140.11 | 26.23 | | ASST. PF Commissioner Ahmedabad |

8. Based on our audit procedures and on the basis of information and explanation given to us by the management the company has not defaulted in repayment of loans or borrowings to a bank.
9. To the best of our knowledge and belief and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. Managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion, the Company is not a Nidhi Company. Accordingly, provision of clause (xii) of paragraph 3 of the Order are not applicable.
13. To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by the applicable Ind AS.
14. During the year the Company has not made any preferential allotment or private placement of share or fully or partly convertible debentures. Accordingly, provision of clause (xiv) of paragraph 3 of the Order are not applicable.
15. In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them covered under section 192 of the Act.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For, **A.K. OSTWAL & CO**
 CHARTERED ACCOUNTANTS
 F.R.N. No.: 107200W

ASHOK KUMAR JAIN
 PARTNER

Date : 30th June, 2020
 Place : Ahmedabad

M.No.: 038521
 UDIN:20038521AAAADK2386

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Standalone Balance Sheet as at 31st March, 2020

| Particulars | Note | (₹ in lakhs) | |
|--|-------|---------------------------------------|---------------------------------------|
| | | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipments | 3 | 1,896.34 | 2,468.23 |
| (b) Intangible assets | 4 | 7.91 | 7.27 |
| (c) Intangible assets under development | | - | 0.72 |
| (d) Financial assets | | | |
| (i) Investments | 5 | 142.22 | 139.67 |
| (ii) Loan | 6 | 9,505.07 | 8,547.61 |
| (iii) Other financial assets | 7 | 260.04 | 202.92 |
| (e) Deferred tax assets (net) | 8 | 1,371.28 | 1,257.88 |
| (f) Income tax assets (net) | 9 | 348.06 | 272.83 |
| Total non-current assets | | 13,530.91 | 12,897.13 |
| 2 Current assets | | | |
| (a) Inventories | 10 | 296.71 | 314.83 |
| (b) Financial assets | | | |
| (i) Investments | 11 | 84.08 | 112.82 |
| (ii) Trade receivables | 12 | 5.09 | 21.26 |
| (iii) Cash and cash equivalents | 13(a) | 519.23 | 467.63 |
| (iv) Bank balance other than (iii) above | 13(b) | 1,415.40 | 1,322.40 |
| (v) Other financial assets | 14 | 39.64 | 37.41 |
| (c) Other current assets | 15 | 377.97 | 304.36 |
| (d) Assets classified as held for sale | | 134.42 | - |
| Total current assets | | 2,872.55 | 2,580.72 |
| Total Assets | | 16,403.46 | 15,477.84 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 3,322.75 | 3,322.75 |
| (b) Other equity | 17 | (8,095.65) | (7,484.60) |
| Total equity | | (4,772.90) | (4,161.86) |
| Liabilities | | | |
| 1 Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 10,977.32 | 11,120.48 |
| (b) Long-term provisions | 19 | 135.38 | 121.19 |
| Total non-current liabilities | | 11,112.70 | 11,241.67 |
| 2 Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Trade payables | 20 | | |
| - total outstanding dues of micro enterprise and small enterprise | | - | - |
| - total outstanding dues of creditors other than micro enterprise and small enterprise | | 434.37 | 479.58 |
| (b) Other current liabilities | 21 | 9,584.19 | 7,876.01 |
| (c) Short-term provisions | 22 | 45.09 | 42.43 |
| Total current liabilities | | 10,063.65 | 8,398.03 |
| Total liabilities | | 21,176.36 | 19,639.70 |
| Total equity and liabilities | | 16,403.46 | 15,477.84 |

Significant accounting policies notes 1 to 44 form an integral part of the financial statements

As per our report of even date
For A. K. OSTWAL & CO.
 CHARTERED ACCOUNTANTS
 (Firm Reg. No. 107200W)

For and on behalf of the Board

ASHOK KUMAR JAIN
 PARTNER
 Membership No. 038521
 Place : Ahmedabad
 Date : 30th June, 2020

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

Standalone Statement of Profit and Loss for the year ended 31st March, 2020

| Particulars | Note | (₹ in lakhs) | |
|--|-------|---------------------------------------|---------------------------------------|
| | | As at 31 st March, 2020 | As at 31 st March, 2019 |
| I. Revenue from operations | 23 | 2587.19 | 3845.59 |
| II. Other income | 24 | 123.97 | 283.81 |
| III. Total Revenue (I + II) | | 2711.16 | 4129.40 |
| IV. Expenses: | | | |
| Cost of materials consumed | 25 | 876.51 | 1700.35 |
| Changes in inventories of finished goods and work-in-progress | 26 | 9.03 | 332.17 |
| Employee benefits expense | 27 | 483.57 | 974.66 |
| Finance costs | 28 | 1262.27 | 1343.88 |
| Depreciation | 3 & 4 | 246.94 | 294.96 |
| Other expenses | 29 | 1404.95 | 1629.32 |
| Total expenses | | 4283.27 | 6275.33 |
| V. Profit/(Loss) before Exceptional Item and Tax | | (1572.12) | (2145.94) |
| VI. Exceptional items | 30 | 871.30 | 521.31 |
| VII. Profit/(Loss) before tax | | (700.82) | (1624.63) |
| VIII. Tax expense: | | | |
| Deferred tax | | 113.40 | (92.20) |
| IX. Profit/(Loss) for the period | | (587.42) | (1716.83) |
| Other Comprehensive Income | | | |
| A. Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods: Re-measurement gains/(losses) on defined benefit plans | | (23.62) | (9.59) |
| Total other comprehensive income for the year | | (23.62) | (9.59) |
| Total comprehensive income for the year | | (611.04) | (1726.41) |
| X. Earnings per equity share: | 38 | | |
| (1) Basic | | (1.85) | (5.23) |
| (2) Diluted | | (1.85) | (5.23) |

Significant accounting policies notes 1 to 44 form an integral part of the financial statements

As per our report of even date
For A. K. OSTWAL & CO.
 CHARTERED ACCOUNTANTS
 (Firm Reg. No. 107200W)

For and on behalf of the Board

ASHOK KUMAR JAIN
 PARTNER
 Membership No. 038521
 Place : Ahmedabad
 Date : 30th June, 2020

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

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Standalone Statement of Cash Flow for the year ended 31st March, 2020

| Particulars | (₹ in lakhs) | |
|---|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A Cash flow from operating activities | | |
| Profit/(Loss) before exceptional items & tax | (1,572.12) | (2,145.94) |
| Adjustment for: | | |
| - Depreciation | 246.94 | 294.96 |
| - Profit on Sale of Current Investments | - | (1.96) |
| - (Profit) / loss on sale of fixed assets (net) | (57.13) | (234.75) |
| - Interest (Net) | 1,262.27 | 1,343.88 |
| - Other comprehensive income | (23.62) | (9.59) |
| | <u>1,428.45</u> | <u>1,392.53</u> |
| Operating profit/(Loss) before working capital changes | (143.66) | (753.40) |
| Adjustment for : | | |
| - Trade receivables | 16.17 | 219.37 |
| - Other receivables | (1,320.04) | (1,640.34) |
| - Inventories | 18.12 | 630.00 |
| - Trade payables | (66.34) | (767.72) |
| | <u>(1,352.09)</u> | <u>(1,558.69)</u> |
| Cash generated from operations | (1,495.75) | (2,312.10) |
| Cash flow before prior period items, exceptional items & extraordinary items | (1,495.75) | (2,312.10) |
| - Exceptional items | 871.30 | 521.31 |
| Net Cash flow from operating activities | <u>(624.46)</u> | <u>(1,790.79)</u> |
| B Cash flow from investing activities : | | |
| - Purchase of fixed assets | - | (182.91) |
| - Sale of fixed assets | 382.17 | 434.90 |
| - Net off Sales & Purchase of Current investments | 26.18 | (8.37) |
| - Interest received | 462.15 | 406.20 |
| Net cash from investing activities | <u>870.51</u> | <u>649.82</u> |
| C Cash flow from financing activities : | | |
| - Total proceeds from borrowings (net of repayments) | (125.26) | (180.05) |
| - Interest paid | (69.20) | (66.89) |
| Net cash from financing activities | <u>(194.46)</u> | <u>(246.95)</u> |
| Net increase in cash and cash equivalents (A+B+C) | 51.60 | (1,387.91) |
| Cash and cash equivalent as on 01.04.2019 (opening balance) | 467.63 | 1,855.55 |
| Cash and cash equivalent as on 31.03.2020 (closing balance) | 519.23 | 467.63 |

As per our report of even date

For A. K. OSTWAL & CO.
CHARTERED ACCOUNTANTS
(Firm Reg. No. 107200W)

ASHOK KUMAR JAIN
PARTNER
Membership No. 038521
Place : Ahmedabad
Date : 30th June, 2020

For and on behalf of the Board

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

Standalone Statement of Changes in Equity for the year ended 31st March, 2020
A. Equity Share Capital

| | | (₹ in lakhs) |
|--|--|--------------|
| Particulars | | Note 16 |
| Balance as at 1st April, 2018 | | 3,303.30 |
| Changes in Equity Share Capital during 2018-2019 | | - |
| Balance as at 31st March, 2019 | | 3,303.30 |
| Changes in Equity Share Capital during 2019-2020 | | - |
| Balance as at 31st March, 2020 | | 3,303.30 |

B. Other Equity

| | | | | | | (₹ in lakhs) |
|--|-----------------|----------------------------|-----------------|--------------------|--|-------------------|
| Particulars | Capital Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | | Total |
| Balance as at 1st April, 2018 (a) | 77.57 | 8,713.65 | 18.58 | (14,567.99) | | (5,758.19) |
| Profit for the year (b) | - | - | - | (1,716.83) | | (1,716.83) |
| Other Comprehensive Income for the year (c) | - | - | - | (9.59) | | (9.59) |
| Total Comprehensive Income for the year (d) = (b) + (c) | - | - | - | (1,726.41) | | (1,726.41) |
| Balance as at 31st March, 2019 (e) = (a) + (d) | 77.57 | 8,713.65 | 18.58 | (16,294.41) | | (7,484.60) |
| Profit for the year (f) | - | - | - | (587.42) | | (587.42) |
| Other Comprehensive Income for the year (g) | - | - | - | (23.62) | | (23.62) |
| Total Comprehensive Income for the year (h) = (f) + (g) | - | - | - | (611.04) | | (611.04) |
| Balance as at 31st March, 2020 (i) = (e) + (h) | 77.57 | 8,713.65 | 18.58 | (16,905.45) | | (8,095.65) |

The accompanying notes are an integral part of these financial statements

As per our report of even date
For A. K. OSTWAL & CO.
 CHARTERED ACCOUNTANTS
 (Firm Reg. No. 107200W)

For and on behalf of the Board

ASHOK KUMAR JAIN
 PARTNER
 Membership No. 038521
 Place : Ahmedabad
 Date : 30th June, 2020

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

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Notes to the financial statements

1 General Information

The company was originally established R.B. Rodda & Co. Ltd. in the year 1940 under the Indian Companies Act, VII of 1913 and the name of the company was changed to Soma Textiles & Industries Ltd. on 21st January, 1992. Companies engaged in manufacturing of Textile Fabrics. The address of its registered office is 2, Red Cross Place, Kolkata West Bengal 700001.

2 Significant Accounting Policies

2.01 Statement of Compliance:

These financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity and Cash Flow Statement together with the notes have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") as amended by the Companies (Indian Accounting Standards) Rules, 2016, the Companies (Indian Accounting Standards) Rules, 2017 and other relevant provisions of the Companies Act, 2013.

Up to the year ended 31 March, 2017, the Company prepared its financial statements in accordance with generally accepted accounting principles in the India, including accounting standards read with Section 133 of the Companies Act, 2013 notified under Companies (Accounting standards) Rules, 2006 ("Previous GAAP").

2.02 Basis of Preparation and Presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Indian Rupees (₹) which is the Company's functional and presentation currency.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees in Lakhs (upto two decimals), except share data and as otherwise stated as per the requirement of Schedule III of the Companies Act 2013.

The financial statements were approved by the Board of Directors on 30th June, 2020.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 "Presentation of financial statements". Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

2.03 Revenue Recognition:

Revenue from the sale of the Company is recognised when delivery has taken place and control of the goods has been transferred to the customer, and when there are no longer any unfulfilled obligations.

- a) The customer obtains control of the goods when the significant risks and reward of products sold are transferred according to the specific delivery term that have been agreed with the customer.
- b) Revenue is measured at fair value of the consideration received or receivable, after deduction of any discounts, price concessions, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts, price concessions and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

2.04 Goods and Service Tax

All items in the financial statements are presented exclusive of Goods and Services Tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognized as part of the related asset or expense. The net amount of GST recoverable from the Department is included as part of receivables in the Financial Statement.

2.05 Other Income:

- a) Interest income is recognised on the time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.
- b) Insurance and other claims are accounted as and when unconditionally admitted by the appropriate authorities.
- c) Gains or Losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss in the year of such retirement or disposal.

2.06 Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or Losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Capital work-in-progress / intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013. Depreciation is provided on pro-rata basis on the straight line method over the useful life of assets. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end and adjusted prospectively.

Spares in the nature of capital spares/ insurance spares are added to the cost of the assets. The total cost of such spares is depreciated over a period not exceeding the useful life of the asset to which they relate.

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.

2.07 Intangible Assets:

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

2.08 Impairment of assets:

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

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If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

2.09 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.

2.10 Financial instruments:

1. Initial recognition and measurement

Financial assets and/or financial liabilities are recognised when the Company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Financial assets:

Classification and subsequent measurement of financial assets:

a) Classification of financial assets:

(i) The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

(ii) The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Subsequent Measurement

(i) Equity instruments:

The Company subsequently measures all equity investments at fair value. There are two measurement categories into which the Company classifies its equity instruments:

Investments in equity instruments at FVTPL:

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

Investments in equity instruments at FVTOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve for 'equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

c) Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset. For trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss

allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

d) Derecognition of financial assets:

A financial asset is primarily derecognised when:

1. the right to receive cash flows from the asset has expired, or
2. the Company has transferred its rights to receive cash flows from the asset; and
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety (other than investments in equity instruments at FVOCI), the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

3. Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. "

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments."

Financial Liabilities

Classification and subsequent measurement

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments. Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost. All changes in fair value of financial liabilities classified as FVTPL are recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the Effective Interest Rate method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gains and losses are recognized in profit and loss when the liabilities are derecognized.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of profit and Loss immediately.

2.11 Inventories:

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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Cost of raw materials and components, packing materials, stores, spare parts other than specific spares for machinery and finished goods are determined on the basis of 'First-in-First-out' (FIFO) or 'Weighted Average Cost', as applicable.

Cost of Materials in transit are determined at cost-to-date.

2.12 Foreign currencies:

Items included in the financial statements of the Company are recorded using the currency of the primary economic environment (INR) in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

2.13 Employee Benefits:

Retirement benefit costs and termination benefits:

Defined Contribution Plans

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Contributions to Provident and Family Pension Fund and Superannuation scheme, which are defined contribution plans, are made as required by the statute and expensed in the Statement of profit and loss.

Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement comprising actuarial gains and losses and the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss. Past service cost is recognised in Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

Short-term and other long-term employee benefits:

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.

2.14 Borrowing Costs:

- (a) Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.
- (b) All other borrowing costs are recognised as expense in the period in which they are incurred.

2.15 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.

2.16 Provisions, Contingent Liabilities and Contingent Assets:

Provisions :

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured using the cash flows estimated to settle the present obligation at the Balance sheet date.

Contingent Liabilities :

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets :

Contingent assets are disclosed, where an inflow of economic benefits is probable.

2.17 Cash and cash equivalents:

Cash and Cash equivalents include cash, cheques on hand, cash at bank and short term deposits with banks having original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.18 Non-current Assets held for sale:

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at their carrying amount as current market valuation is not available. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.19 Statement of Cash Flows:

Cash flows are reported using the indirect method whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.20 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.21 Critical accounting judgements and key sources of estimation uncertainty:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes judgements, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to significant accounting estimates include useful lives and impairment of property, plant and equipment, allowance for doubtful debts/advances, deferred tax assets, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, allowances for inventories, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

(i) Useful lives and Impairment of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit

exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(ii) Allowance for doubtful debts/advances

When determining the lifetime expected credit losses for trade receivables, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information.

(iii) Deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The amount of total deferred tax assets could change if estimates of projected future taxable income or if tax regulations undergo a change.

(iv) Employee Benefit Obligations

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vi) Allowance for Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete / non-moving inventory items.

(vii) Impact of Covid-19 pandemic

On account of the spread of COVID-19 virus. The Government of India had imposed a complete nation-wide lockdown on March 24, 2020 leading shut down of the company's manufacturing facilities and operations. The company has since resumed its manufacturing facilities and is currently in the process of scaling up its operations. The Company believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. The company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimise the impact of unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these financial statements.

2.22 RECENT ACCOUNTING PRONOUNCEMENTS

The Company has applied the following Ind AS for the first time for its annual reporting period commencing April 01, 2019:

Ind AS - 116 "Leases"

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards), 2019 on March 30, 2019 which includes Ind AS - 116 "Leases". The Company has applied Ind AS 116, Leases for the first time for their annual reporting period commencing April 01, 2019.

Other amendments:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019.

- i) Ind AS - 12 "Income taxes", Appendix C - Uncertainty over income tax treatments
- ii) Amendment to Ind AS - 12 "Income taxes"
- iii) Ind AS - 19 "Employee benefits", Plan amendment, curtailment or settlement
- iv) Ind AS - 28 "Investments in associates and Joint-Ventures", Long-term interests in Associates and Joint-ventures
- v) Ind AS - 23 "Borrowing costs"

The above other amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3 Property, Plant and Equipments

(₹ in lakhs)

| Particulars | Land | | Building | | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|--|-------------|---------------|-----------------|-------------|---------------------|------------------------|---------------|------------------|-----------------|
| | Free hold | Lease hold | Free hold | Lease hold | | | | | |
| Gross Block | | | | | | | | | |
| Balance as at 1st April, 2018 | 0.38 | 1.07 | 2,245.32 | 9.31 | 9,389.57 | 61.86 | 311.11 | 205.61 | 12,224.23 |
| Additions | - | 166.89 | - | - | 15.30 | - | - | - | 182.19 |
| Disposals | - | - | 80.16 | - | 2,248.65 | 17.32 | 19.29 | 55.33 | 2,420.74 |
| Balance as at 31st March, 2019 | 0.38 | 167.95 | 2,165.16 | 9.31 | 71,56.22 | 44.54 | 291.83 | 150.28 | 9,985.67 |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | 58.91 | - | 1,633.72 | 3.12 | 13.20 | 7.37 | 1,716.32 |
| Transfer to assets held for sale (Refer Note below) | - | - | - | - | 2,574.97 | - | - | - | 2,574.97 |
| Balance as at 31st March, 2020 | 0.38 | 167.95 | 2,106.24 | 9.31 | 2,947.53 | 41.43 | 278.63 | 142.92 | 5,694.38 |
| Accumulated Depreciation | | | | | | | | | |
| Balance as at 1st April, 2018 | - | - | 833.79 | 1.69 | 8,348.76 | 53.77 | 50.01 | 162.03 | 9,450.04 |
| Additions | - | - | 61.50 | 0.15 | 184.24 | 1.76 | 34.94 | 5.42 | 288.00 |
| Disposals | - | - | 72.10 | - | 2,070.01 | 16.99 | 7.23 | 54.26 | 2,220.59 |
| Balance as at 31st March, 2019 | - | - | 823.18 | 1.83 | 6,462.98 | 38.54 | 77.72 | 113.19 | 7,517.44 |
| Additions | - | - | 60.56 | 0.15 | 145.63 | 1.56 | 33.92 | 5.04 | 246.85 |
| Disposals | - | - | 32.98 | - | 1,474.80 | 3.04 | 8.96 | 5.92 | 1,525.70 |
| Transfer to assets held for sale (Refer Note below) | - | - | - | - | 2,440.55 | - | - | - | 2,440.55 |
| Balance as at 31st March, 2020 | - | - | 850.75 | 1.98 | 2,693.26 | 37.06 | 102.69 | 112.30 | 3,798.04 |
| Net Block | | | | | | | | | |
| Balance as at 1st April, 2018 | 0.38 | 1.07 | 1,411.53 | 7.62 | 1,040.81 | 8.10 | 261.10 | 43.58 | 2,774.19 |
| Balance as at 31st March, 2019 | 0.38 | 167.95 | 1,341.97 | 7.47 | 693.24 | 6.01 | 214.11 | 37.09 | 2,468.23 |
| Balance as at 31st March, 2020 | 0.38 | 167.95 | 1,255.49 | 7.33 | 254.27 | 4.37 | 175.94 | 30.62 | 1,896.34 |

 Note: Net block of ₹ 134.42 Lakhs (As at 31st March, 2019 - Nil) is transferred to assets held for sale [Refer note 43].

4 Intangible Assets

(₹ in lakhs)

| Particulars | Computer Software |
|---------------------------------------|-------------------|
| Gross Block | |
| Balance as at 1st April, 2018 | 153.33 |
| Additions | - |
| Disposals | 0.07 |
| Balance as at 31st March, 2019 | 153.26 |
| Additions | 0.72 |
| Disposals | - |
| Balance as at 31st March, 2020 | 153.98 |
| Accumulated Depreciation | |
| Balance as at 1st April, 2018 | 139.10 |
| Additions | 6.96 |
| Disposals | 0.07 |
| Balance as at 31st March, 2019 | 145.99 |
| Additions | 0.09 |
| Disposals | - |
| Balance as at 31st March, 2020 | 146.07 |
| Net Block | |
| Balance as at 1st April, 2018 | 14.23 |
| Balance as at 31st March, 2019 | 7.27 |
| Balance as at 31st March, 2020 | 7.91 |

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| 5 Financial Assets | | (₹ in lakhs) | |
|--|---------------------------------------|---------------------------------------|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Non-current Investment | | | |
| Investment in NCD 100 (31 st March, 2019: 100) units in Samasta Micro Finance Ltd. | 108.00 | 105.45 | |
| Investment in equity shares of associate Company | | | |
| Unquoted equity shares | | | |
| 300 Equity Share of AED 1000 each of Soma Textile FZC | 34.21 | 34.21 | |
| Investment in equity shares of others | | | |
| Unquoted equity shares | | | |
| (5 Shares of ₹ 100/- each in Poonam Apt. Association) | 0.01 | 0.01 | |
| Total non-current investments | 142.22 | 139.67 | |
| 6 Loan | | (₹ in lakhs) | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Loan to Associate | | | |
| Soma Textiles FZC Loan Account (Refer note 33.3.1) | 9,505.07 | 8,547.61 | |
| Total loan | 9,505.07 | 8,547.61 | |
| 7 Other financial assets | | (₹ in lakhs) | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Interest Accrued | 123.16 | 50.18 | |
| Security Deposits | 134.61 | 150.47 | |
| Advances recoverable in cash or in kind or for value to be received | 2.27 | 2.27 | |
| Total other financial assets | 260.04 | 202.92 | |
| Note: | | | |
| 7.1 The management has assessed that carrying value of the investments to the fair value. | | | |
| 7.2 Decrease in the amount of loan during the period is on account of notional interest on fair valuation of financial assets amounting ₹ 568.07 Lakhs. | | | |
| 7.3 Decrease in the amount of security deposit and increase in the amount of prepaid expense is on account of notional interest on fair valuation of financial assets amounting ₹ 5.61 Lakhs and ₹ 3.62 Lakhs respectively. | | | |
| 7.4 The Company out of the GDR issue proceeds had made an investment of USD 15 million, which as on 31 st March, 2020 is equivalent to ₹ 9505.07 lakhs (Previous Year ₹ 8547.61 lakhs), by way of long term loan and also invested in the Equity Share capital i.e 300 equity shares equivalent to ₹ 34.21 lakhs (Previous Year ₹ 34.21 lakhs) of Soma Textile FZC, Umm Al Quwain Free Trade Zone, Umm Al Quwain, U.A.E.. an associate (Formerly Soma Textile FZE, Sharjah, U.A.E., a wholly owned subsidiary). | | | |
| 8 Deferred tax assets (net) | | (₹ in lakhs) | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Deferred Tax Assets | | | |
| Unabsorbed Business losses and depreciation | 1,479.61 | 1,415.89 | |
| MAT credit Entitlement | 18.10 | 18.10 | |
| Deferred Tax Liabilities | | | |
| Related to Fixed Assets | 126.43 | 176.11 | |
| Total deferred tax assets (net) | 1,371.28 | 1,257.88 | |

| 9 Income tax assets (net) | | (₹ in lakhs) | |
|---|--|--|--|
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Income Tax Advance (Net of provision) | 348.06 | 272.83 | |
| Total income tax assets (net) | 348.06 | 272.83 | |
| 10 Inventories | | (₹ in lakhs) | |
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Raw Materials | 36.23 | 43.67 | |
| Work-in-progress | 35.02 | 59.69 | |
| Finished goods | 127.44 | 110.15 | |
| Stores and spares | 98.02 | 99.68 | |
| Waste | - | 1.65 | |
| Total inventories | 296.71 | 314.83 | |
| 11 Current Investment | | (₹ in lakhs) | |
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Current Investment | | | |
| Investment in Mutual Fund | | | |
| Quoted | | | |
| 74128.98 (31st March,2019: 74128.98) units in Kotak Standard Multicap Fund | 20.02 | 26.30 | |
| 52924.61 (31st March,2019: 52924.61) units in HDFC Small Cap Fund | 13.76 | 23.63 | |
| 56064.37 (31st March,2019: 56064.37) units in Sundaram Rural and Consumption Fund | 17.85 | 23.54 | |
| 39139.25 (31st March,2019: 39139.25) units in Franklin India Smaller Companies Fund | 13.21 | 21.54 | |
| 4967.76 (31st March,2019: 4967.76) units in ICICI Saving Fund - Growth | 19.24 | 17.82 | |
| Total current investments | 84.08 | 112.82 | |
| 12 Trade receivables | | (₹ in lakhs) | |
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Unsecured, considered good | 5.09 | 21.26 | |
| Doubtful | 18.46 | 18.46 | |
| Less: Allowance for doubtful debts (Refer note 33.3.2) | (18.46) | (18.46) | |
| Total trade receivables | 5.09 | 21.26 | |
| 13 (a) Cash and cash equivalents | | (₹ in lakhs) | |
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Cash and cash equivalents | | | |
| Balances with Banks | 170.09 | 79.70 | |
| Cash on hand | 0.51 | 0.94 | |
| | 170.60 | 80.63 | |
| Other Bank Balances: | | | |
| Bank Deposits with original maturity of less than three months | 348.63 | 387.00 | |
| Total cash and cash equivalents | 519.23 | 467.63 | |

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| 13 (b) other bank balance | | (₹ in lakhs) | |
|---|---------------------------------------|---------------------------------------|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Deposits with original maturity of more than three months but less than twelve months | 1,415.00 | 1,322.00 | |
| Deposits with original maturity of more than twelve months | 0.40 | 0.40 | |
| Total other bank balance | 1,415.40 | 1,322.40 | |
| 14 Other financial assets | | (₹ in lakhs) | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Interest Receivable under TUF Scheme | 7.92 | 7.92 | |
| Advances recoverable in cash or in kind or for value to be received | 31.72 | 29.49 | |
| Total other financial assets | 39.64 | 37.41 | |
| 15 Other current assets | | (₹ in lakhs) | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Balance with Government Authorities | 0.04 | 0.04 | |
| Duties, Claims & Other Receivables | 377.94 | 304.33 | |
| Total other current assets | 377.97 | 304.36 | |
| 16 Equity share capital | | (₹ in lakhs) | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Authorised | | | |
| 4,00,00,000 (Previous year 4,00,00,000) Equity Shares of ₹ 10 each | 4,000.00 | 4,000.00 | |
| Issued | | | |
| 3,34,18,300 (Previous year 3,34,18,300) Equity Shares of ₹ 10 each | 3,341.83 | 3341.83 | |
| Subscribed & Paid up | | | |
| 3,30,33,000 (Previous year 3,30,33,000) Equity Shares of ₹ 10 each | 3,303.30 | 3,303.30 | |
| Add: | | | |
| Subscribed and not paid up | | | |
| 3,85,300 (Previous year 3,85,300) equity shares of ₹ 10 each partly paid up ₹ 5 each forfeited in the year 1996-97* | 19.45 | 19.45 | |
| Total | 3,322.75 | 3,322.75 | |
| 16.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is set out below:- | | | |
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Shares at the beginning of the Year | 3,30,33,000 | 3,30,33,000 | |
| Add: Shares issued during the year | - | - | |
| Less: Shares bought back during the year | - | - | |
| Shares at the end of the Year | 3,30,33,000 | 3,30,33,000 | |

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

| Name of Shareholder | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|--------------------------------------|------------------------------------|--------------|------------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Shares | | | | |
| KGPL Industries and Finvest Pvt Ltd | 1,02,04,651 | 30.89 | 1,17,99,651 | 35.72 |
| Sarvopari Investment Private Limited | 40,07,244 | 12.13 | 40,07,244 | 12.13 |
| Surendra Kumar Somany | 29,65,695 | 8.98 | 29,65,695 | 8.98 |
| Arvind Kumar Somany | 23,28,217 | 7.05 | 7,28,217 | 2.20 |

Rights, preferences and restrictions attached to shares:
Equity Shares:

The company has one class of shares referred to as equity shares having a par value of ₹10 each. Each shareholders is entitled to one vote per share held. The dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

* Equity shares 3,85,300 has been forfeited in the year 1996-97, total amounting to ₹19,44,680 (@ ₹ 5.05 per share)

17 Other equity (₹ in lakhs)

| Particulars | As at | As at |
|--------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| a. Capital Reserves | | |
| As per last Balance Sheet | 77.57 | 77.57 |
| b. Securities Premium Account | | |
| As per last Balance Sheet | 8,713.65 | 8,713.65 |
| c. General Reserve | | |
| As per last Balance Sheet | 18.58 | 18.58 |
| d. Surplus | | |
| As per last Balance Sheet | (16,294.41) | (14,567.99) |
| Profit/(Loss) for the period | (611.04) | (1,726.41) |
| Closing Balance | (16,905.45) | (16,294.41) |
| Total | (8,095.65) | (7,484.60) |

Nature & purpose of Reserve:
a) Capital Reserve

Created on forefieture of equity shares and transfer of Debenture redemption reserve. It shall be utilised as per provision of the Companies Act,2013

b) Securities Premium Accuont

Created on conversion of convertible debenture and issue of equity shares. It shall be utilised as per provision of the Companies Act, 2013.

c) General Reserve

General Reserve is created out of the profit earned by the company by way of transfer from surplus in the statement of profit and loss. The company can use this reserve for payment of dividend and issue of fully paid up shares. As general reserve is created by transfer from surplus in the statement of profit and loss and is not an item of other comprehensive income, item included in general reserve will not be reclassified to statement of profit and loss.

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| 18 Non-current borrowings | | (₹ in lakhs) | |
|---|---------------------------------------|---------------------------------------|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Secured | | | |
| (a) Term loan from Banks | | | |
| Rupee Term Loan | 8,383.02 | 8,219.17 | |
| Refer Note: 18.1 & 18.2 | | | |
| Pending Loans after assignment | 2,212.75 | 2,548.47 | |
| Refer Note: 18.1 & 18.2 | | | |
| (b) Term loan from others | | | |
| Other loans and advances (Unsecured) | | | |
| Leasehold Liability | 4.24 | 4.19 | |
| (c) Preference Share Financial Liability | | | |
| | 377.32 | 348.65 | |
| Total non-current borrowings | 10,977.32 | 11,120.48 | |

18.1 Repayment:

State bank of India, Dena Bank and EXIM Bank have absolutely assigned their loan together with underline securities theirto and all rights of State bank of India, Dena Bank and EXIM Bank, title and interest in all agreements, deeds and documents in relation to or in connection with the loan to Invent Assets Securitisation & Reconstruction Pvt Ltd. a company incorporated under companies act, 1956 and registered as Secuitisation and asset reconstruction company under section 3 of SARFAESI ACT,2002.

Takeover of outstanding bank dues by asset reconstruction company with reference to default in repayment dues to financial institutions and bank as per note: 18, the total outstanding term loans ₹ 413.64 lakhs (Previous year ₹ 635.51 lakhs), FITL ₹ 942.14 lakhs (Previous year ₹ 902.86 Lakhs) and C.C. A/C ₹ 9495.98 lakhs (Previous Year ₹ 9495.98 lakhs) totaling to ₹10851.77 lakhs (Previous Year ₹ 11034.36 lakhs) such outstanding amount was taken over by Invent and as per the new repayment schedule a total amount of ₹ 8639.02 lakhs (Previous year ₹ 8485.89 lakhs) is now payable to Invent against the total outstanding amount. The difference of ₹ 2212.75 lakhs (Previous Year ₹ 2548.47 lakhs) towards reduced liability of repayment would only be crystallized if no default is made by the company in its repayment to Invent Assets Securitisation & Reconstruction Pvt Ltd., and hence has been carried forward by the company recognizing as a long term liability, under the classification of "Long Term Liabilities" under the head "Pending loan after assignment".

18.2 Security

- a) Term Loan 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.

| 19 Long-term provisions | | (₹ in lakhs) | |
|--|---------------------------------------|---------------------------------------|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Provision for employee benefits | | | |
| Gratuity | 124.74 | 111.19 | |
| Leave Benefits | 10.64 | 10.00 | |
| Total long-term provisions | 135.38 | 121.19 | |

| 20 Trade Payables | | (₹ in lakhs) | |
|--|--|--|--|
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| total outstanding dues of micro enterprise and small enterprise | | | |
| (a) Principal amount remaining unpaid | - | - | |
| (b) Interest due thereon | - | - | |
| (c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period | - | - | |
| (d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - | |
| (e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - | |
| (f) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - | |
| total outstanding dues of creditors other than micro enterprise and small enterprise | 434.37 | 479.58 | |
| Total trade payables | 434.37 | 479.58 | |
| 21 Other current liabilities | | (₹ in lakhs) | |
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Current maturities of long-term debt | 256.00 | 266.72 | |
| Interest accrued and due on borrowings (Refer Note: 18.1 & 18.2) | 9,178.89 | 7,450.68 | |
| Statutory dues | 24.29 | 11.48 | |
| Outstanding Liabilities | 27.27 | 26.96 | |
| Advances received for sale of Commercial Units | 70.96 | 74.42 | |
| Other payables | 23.33 | 40.68 | |
| Employee benefits payable (Bonus) | 3.45 | 5.08 | |
| Total other current liabilities | 9,584.19 | 7,876.01 | |
| 22 Short-term provisions | | (₹ in lakhs) | |
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 | |
| Provision for employee benefits | | | |
| Leave Benefits | 3.02 | 3.51 | |
| Gratuity | 42.07 | 38.93 | |
| Total short-term provisions | 45.09 | 42.43 | |

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| 23 Revenue from operations | | (₹ in lakhs) | |
|--------------------------------------|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| a) Sale of products | 2,496.94 | 3,708.52 | |
| b) Other operating revenues | | | |
| (i) Waste and Scrap Sale | 90.24 | 137.07 | |
| | 90.24 | 137.07 | |
| Total revenue from operations | 2,587.19 | 3,845.59 | |

| Detail of sales of Products: | | (₹ in lakhs) | |
|------------------------------|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| Cloth | 2,496.94 | 3,708.52 | |
| Total | 2,496.94 | 3,708.52 | |

| 24 Other income | | (₹ in lakhs) | |
|------------------------------------|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| Rent | 34.13 | 31.63 | |
| Insurance & Other claims | 0.60 | 2.46 | |
| Profit on Fair Value of Investment | 2.55 | 8.37 | |
| Profit on Sale of Investment | - | 1.96 | |
| Profit on Sale of Fixed Assets | 86.68 | 239.28 | |
| Miscellaneous Receipts | - | 0.09 | |
| Total other income | 123.97 | 283.81 | |

| 25 Cost of Materials consumed | | (₹ in lakhs) | |
|-------------------------------|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| Opening Stock | 138.57 | 138.57 | |
| Add: Purchases | 774.18 | 1,605.45 | |
| | 912.75 | 1,744.02 | |
| Less: Closing Stock | 36.23 | 43.67 | |
| Consumption | 876.51 | 1,700.35 | |

| Imported and Indigeneous Raw materials consumed | | (₹ in lakhs) | |
|---|--|--|--|
| | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| Indigenous | 876.51 | 1,700.35 | |
| Total | 876.51 | 1,700.35 | |

| Detail of Raw Material consumed | | (₹ in lakhs) | |
|--------------------------------------|--|--|--|
| | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| Cotton Yarn | - | 163.95 | |
| Polyester Yarn | - | 9.83 | |
| Cloth Purchases | - | 570.16 | |
| Dyes, Chemicals and Packing Material | 876.51 | 956.42 | |
| Total | 876.51 | 1,700.35 | |

| 26 Changes in Inventories of Finished Goods and Work-In-Progress | | (₹ in lakhs) | |
|--|---|---|--|
| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 | |
| Opening Stock: | | | |
| Finished Goods | 111.79 | 241.20 | |
| Work-in-progress | 59.69 | 262.45 | |
| | 171.48 | 503.66 | |
| Closing Stock: | | | |
| Finished Goods | 127.44 | 111.79 | |
| Work-in-progress | 35.02 | 59.69 | |
| | 162.46 | 171.48 | |
| Total | 9.03 | 332.17 | |
| 27 Employee Benefits Expenses | | (₹ in lakhs) | |
| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 | |
| Salaries and Wages | 450.95 | 923.62 | |
| Contribution to Provident and Other Funds | 31.55 | 49.57 | |
| Staff Welfare Expenses | 1.07 | 1.46 | |
| Total | 483.57 | 974.66 | |
| 29 Other expenses | | (₹ in lakhs) | |
| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 | |
| Related to Production: | | | |
| Consumption of stores and spares | 73.79 | 117.85 | |
| Power and Fuel | 737.15 | 1,006.72 | |
| Repairs to Machinery | 68.83 | 125.55 | |
| Other expenses: | | | |
| Rent | 4.43 | 3.27 | |
| Insurance | 22.85 | 17.23 | |
| Rates and Taxes | 22.13 | 19.93 | |
| Repairs to Building | 3.91 | 4.61 | |
| Repairs to Others | 4.65 | 4.25 | |
| Payments to Auditors | 5.75 | 5.87 | |
| Miscellaneous expenses | 461.48 | 324.03 | |
| Total | 1,404.95 | 1,629.32 | |
| 29.1 Imported and Indigenous Stores, Spares, dyes and chemicals Consumed: | | (₹ in lakhs) | |
| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 | |
| Imported | 0.95 | 113.86 | |
| Indigenous | 72.84 | 3.99 | |
| Total | 73.79 | 117.85 | |

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| 29.2 Payments to the auditors | | (₹ in lakhs) | |
|---------------------------------|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| - As Auditor | 3.95 | 4.03 | |
| - For Taxation Matters | 0.75 | 0.75 | |
| - For Reimbursement of expenses | 1.05 | 1.09 | |
| Total | 5.75 | 5.87 | |

| 30 Exceptional items represent | | (₹ in lakhs) | |
|---|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| Foreign Exchange fluctuation on loan - Soma Textile FZC | 871.30 | 545.62 | |
| Earlier year Income Written off | - | (24.32) | |
| Total | 871.30 | 521.31 | |

31 Employee benefit plans

1) Defined contribution plans :

The Company participates in defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

The defined contribution plans are as below:

a) Provident fund

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund administered and managed by Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the Company.

Contribution to Defined Contribution Plans, recognised in the Statement of Profit and Loss for the year under employee benefits expense, are as under :

| | | (₹ in lakhs) | |
|--|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 | |
| i) Contribution to Employees' Provident Fund | 16.12 | 41.69 | |
| ii) Contribution to Pension Fund | 8.33 | 28.67 | |
| iii) Contribution to Labour Welfare Fund | 0.98 | 2.60 | |
| iv) EDLI Charges | 0.09 | 0.06 | |
| v) Administration Charges of Provident Fund | 1.03 | 2.60 | |
| Total | 26.56 | 75.61 | |

(2) Defined Benefit Plans:

The Defined Benefit Plan is as below:

Gratuity (Funded)

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, on death while in employment or on termination of the employment in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's Scheme, as applicable. Vesting occurs upon completion of five years of service. The

Company makes annual contributions to gratuity fund established with the insurance company. The Company accounts for the liability for gratuity benefits payable based on an actuarial valuation.

The plan typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The Probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest risk

If the Discount Rate i.e the yield on the Government Bonds decrease in future, the Actuarial Liability will increase and vice versa.

The quantum of increase in valuation liability corresponding to specific decrease in the Discount Rate and vice versa, has been shown in the annexure containing the sensitivity Analysis of Key Actuarial Assumption.

Longevity risk

If the Mortality rate experienced by the staff of a particular company is higher than what is assumed in mortality Table used in the valuation, the valuation liability will increase.

However, it will be very cumbersome to measure the quantum of increase for assumed reduction of Mortality rates as can be done in case of changes in salary Growth Rate and Interest Rate."

Salary risk

If the salary Growth Rate over the future years of service is increased, the Actuarial Liability will increase and vice versa. The quantum of increase in the valuation liability corresponding to specific increase in the salary growth rate and vice versa has been shown in the annexure containing Sensitivity Analysis of key Actuarial Assumption.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31st March, 2020 by an independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

A. Principal actuarial assumptions used:

The principal assumptions used for the purposes of the actuarial valuations are as follows. (₹ in lakhs)

| Particulars | As at | As at |
|------------------------------|--|--|
| | 31 st March, 2020 | 31 st March, 2019 |
| 1. Discount rate | 7.50% | 7.55% |
| 2. Salary escalation | 5.00% | 5.00% |
| 3. Rate of Employee Turnover | age 25 & below = 15% | age 25 & below = 15% |
| | age 26-35 = 8% | age 26-35 = 8% |
| | age 36-45 = 6% | age 36-45 = 6% |
| | age 46-55 = 4% | age 46-55 = 4% |
| | age 56 & above = 2% | age 56 & above = 2% |
| 4. Mortality rate | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |

B. Expenses recognised in Statement of Profit and Loss

| Particulars | Year ended | Year ended |
|---|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| Service cost: | | |
| Current service cost | 7.03 | 11.03 |
| Net Interest cost | 9.80 | 22.80 |
| Components of defined benefit costs recognised in the 'Employee benefits expenses' in the Statement of Profit and Loss | 16.83 | 33.82 |

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| Net Interest Cost recognised in Statement of Profit and Loss: (₹ in lakhs) | | |
|--|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
| Interest Cost | 9.80 | 22.80 |
| Net interest cost recognised in Statement of Profit and Loss | 9.80 | 22.80 |

| C. Expenses Recognized in the Other Comprehensive Income (OCI) (₹ in lakhs) | | |
|---|--|--|
| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in demographic assumptions | (0.04) | - |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions | 9.22 | 0.47 |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment | 12.86 | (4.99) |
| Net (Income)/Expense For the Period Recognized in OCI | 22.05 | (4.52) |

| D. Amount recognised in the Balance Sheet (₹ in lakhs) | | |
|---|--|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
| Present Value of Defined Benefit Obligation as at the end of the year | 166.82 | 150.12 |
| Net (asset) /liability recognised in the Balance Sheet | 166.82 | 150.12 |
| Recognised under: | As at 31st March, 2020 | As at 31st March, 2019 |
| Long term (asset) / provision (Refer note 19) | 124.74 | 111.19 |
| Short term (asset) / provision (Refer note 22) | 42.07 | 38.93 |
| Total | 166.82 | 150.12 |

| E. Movements in the present value of defined benefit obligation are as follows: (₹ in lakhs) | | |
|--|---------------------------------------|---------------------------------------|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
| Opening defined benefit obligation | 150.12 | 352.28 |
| Current Service Cost | 7.03 | 11.03 |
| Interest cost | 9.80 | 22.80 |
| Remeasurement (gains)/losses | 22.05 | (4.52) |
| Benefits Paid (From the Fund) | (22.18) | (231.46) |
| Closing defined benefit obligation | 166.82 | 150.12 |

F. Movements in the fair value of the plan assets are as follows: (₹ in lakhs)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|--|---------------------------------------|---------------------------------------|
| Opening fair value of the plan assets | NIL | NIL |
| Contributions by the Employer | NIL | NIL |
| Remeasurement (gains)/losses | NIL | NIL |
| Interest income | NIL | NIL |
| Expected return on plan assets not included in the interest income | NIL | NIL |
| Benefits paid | NIL | NIL |
| Closing fair value of plan assets | NIL | NIL |

G. Maturity profile of defined benefit obligation: (₹ in lakhs)

| Projected Benefits Payable in Future Years From the Date of Reporting | Estimated for the year ended 31 st March, 2020 | Estimated for the year ended 31 st March, 2019 |
|---|---|---|
| 1st Following Year | 42.07 | 38.93 |
| 2nd Following Year | 7.34 | 9.19 |
| 3rd Following Year | 8.54 | 9.73 |
| 4th Following Year | 12.49 | 8.11 |
| 5th Following Year | 7.83 | 11.79 |
| Sum of Years 6 to 10 | 71.49 | 71.28 |
| Total expected payments | 149.77 | 149.02 |

H. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

| Projected Benefits Payable in Future Years From the Date of Reporting | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|---------------------------------------|---------------------------------------|
| Projected Benefit Obligation on Current Assumptions | | |
| Impact of +0.5% Change in Rate of Discounting | 161.57 | 145.55 |
| Impact of -0.5% Change in Rate of Discounting | 172.39 | 154.97 |
| Impact of +0.5% Change in Rate of Salary Increase | 171.65 | 154.15 |
| Impact of -0.5% Change in Rate of Salary Increase | 162.17 | 146.22 |
| Impact of +0.5% Change in Rate of Employee Turnover | 167.45 | 150.88 |
| Impact of -0.5% Change in Rate of Employee Turnover | 166.28 | 149.33 |

I. Other Disclosures

- a) The average outstanding term of obligations (years) as at valuation date is 6.93 years.
- b) The Company expects to contribute ₹ 42.07 lakhs to the plan during financial year 2020-21.

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32 Disclosure pursuant to Indian Accounting Standard (Ind AS) - 12 : Income Taxes

(a) Major component of tax expense / (income): (₹ in lakhs)

| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
|---------------------------|--|--|
| Deferred Tax: | | |
| Deferred Tax | 113.40 | (92.20) |
| Total Tax expenses | 113.40 | (92.20) |

(b) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India: (₹ in lakhs)

| Particulars | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
|--|--|--|
| Profit before Tax (i) | (700.82) | (1,624.63) |
| Corporate tax rate as per Income Tax Act, 1961 (ii) | 25.17% | 34.94% |
| Tax on Accounting profit (iii) = (i) * (ii) | - | - |
| Tax difference on account of: | | |
| (A) Deferred tax Adjustment but no Current tax during the year | 113.40 | (92.20) |
| Total effect of tax adjustments | 113.40 | (92.20) |
| Tax expense recognised during the year | 113.40 | (92.20) |

(c) Movement in Deferred tax balances: (₹ in lakhs)

| Particulars | For the Year ended 31st March 2020 | | | |
|--|------------------------------------|----------------------------------|----------------------|--------------------|
| | Opening Balance | Recognised in profit and Loss | Recognised in OCI | Closing Balance |
| Tax effect of items constituting deferred tax assets / (liabilities) | | | | |
| Property, Plant and Equipment | (176.11) | 49.67 | - | (126.43) |
| Carry forward Tax Loss | 1,415.89 | 63.73 | - | 1,479.61 |
| Net Tax Asset (Liabilities) | 1,239.78 | 113.40 | - | 1,353.18 |

(₹ in lakhs)

| Particulars | For the Year ended 31st March 2019 | | | |
|--|------------------------------------|----------------------------------|----------------------|--------------------|
| | Opening Balance | Recognised in Profit and Loss | Recognised in OCI | Closing Balance |
| Tax effect of items constituting deferred tax assets / (liabilities) | | | | |
| Property, Plant and Equipment | (176.83) | 0.73 | - | (176.11) |
| Carry forward Tax Loss | 1,508.81 | (92.93) | - | 1,415.89 |
| Net Tax Asset (Liabilities) | 1,331.98 | (92.20) | - | 1,239.78 |

33 Disclosure pursuant to Indian Accounting Standard (Ind AS) - 107 : Financial Instruments: Disclosures
 Financial instruments and Risk management

33.1 Capital management

The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company. The Company trying to manages its capital to ensure that the Company will be able to continue as going concern. The Company's management reviews it's capital structure considering the cost of capital, the risks associated with each class of capital and the need to maintain adequate liquidity to meet its financial obligations when they become due.

33.2 Categories of financial instruments

The following table provides categorisation of all financial instruments at carrying value. (₹ in lakhs)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|---------------------------------------|---------------------------------------|
| Financial assets | | |
| (a) Measured at fair value through profit or loss (FVTPL) | | |
| (i) Mutual Fund Investments | 84.08 | 112.82 |
| (ii) Investments in NCD | 108.00 | 105.45 |
| (b) Measured at amortised cost | | |
| (i) Cash and cash equivalent | 519.23 | 467.63 |
| (ii) Bank balance other than (a)above | 1,415.40 | 1,322.40 |
| (iii) Trade receivables | 5.09 | 21.26 |
| (iv) Loans | 9,505.07 | 8,547.61 |
| (v) Other financial assets | 299.68 | 240.33 |
| (c) Measured at FVTOCI | | |
| (i) Investments in equity instruments | 34.22 | 34.22 |
| Total Financial Assets | 11,970.77 | 10,851.72 |
| Financial liabilities | | |
| Measured at fair value through profit or loss (FVTPL) | | |
| (a) Measured at amortised cost | | |
| (i) Borrowings | 10,977.32 | 11,120.48 |
| (ii) Trade payables | 434.37 | 479.58 |
| Total Financial Liabilities | 11,411.69 | 11,600.06 |

33.3 Financial risk management

The financial risks emanating from the Company's operating business include market risk, credit risk and liquidity risk. These risks are managed by the Company using appropriate financial instruments. The Company has laid down written policies to manage these risks.

33.3.1 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of Currency risk, Interest rate risk and other price risk.

A. Foreign currency risk management

The Company is exposed to foreign currency risk arising mainly on import, export (of finished goods) and the foreign currency loan. Foreign currency exposures are managed within approved policy parameters.

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The carrying amounts of the Company's foreign currency denominated financial assets at the end of the reporting period are as follows:

| Particulars | Currency | (₹ in lakhs) | | | |
|------------------------------|----------|------------------------------------|-------------|------------------------------------|-------------|
| | | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
| | | Hedged | Unhedged | Hedged | Unhedged |
| FCNR based loan to associate | USD* | - | 1,33,28,460 | - | 1,36,38,585 |
| | INR | - | 9,505.07 | - | 8,547.61 |

* - Denotes amounts in full figures.

A.1 Foreign currency sensitivity analysis

The Company's exposure to Foreign Currency changes is not material.

B. Interest rate risk management

The Company does not have interest rate risk exposure on its outstanding loans as at the year end as all the loans are assigned to ARC as term loans on fixed interest rate basis.

C. Other price risks

The Company is exposed to price risks arising from its investments in mutual funds and equity.

Equity price risk is related to change in market reference price of investments in equity shares held by the Company.

The fair value of quoted investments held by the Company exposes it to equity price risks. In general, these investments are not held for trading purposes.

The Company manages the surplus funds majorly through investments in mutual fund schemes. The price of investment in these mutual fund Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Company is exposed to price risk on such Investment schemes.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to the very short tenor of the underlying portfolio in the liquid schemes, these do not hold any significant price risks.

C.1 Mutual fund price sensitivity analysis

The sensitivity analysis below has been determined based on Mutual Fund Investment at the end of the reporting period. If NAV had been 1% higher / lower, the profit for year ended March 31, 2020 would have increased/decreased by ₹ 0.84 Lakhs (2018-19: increase/decrease by ₹1.13 Lakhs) as a result of the changes in fair value of mutual funds.

33.3.2 Credit risk management

Credit risk arises from the possibility that a counter party's inability to settle its obligations as agreed in full and in time. The maximum exposure to credit risk in respect of the financial assets at the reporting date is the carrying value of such assets recorded in the financial statements net of any allowance for losses.

A. Trade Receivables

The Company's trade receivables consists of a large and regular base customers. Hence the Company is not exposed to concentration and credit risk.

| The ageing analysis of trade receivables as of the reporting date is as follows: | | | (₹ in lakhs) |
|--|------------------------------|------------------------------|--------------|
| Ageing of trade receivables (Gross) | 31 st March, 2020 | 31 st March, 2019 | |
| 0 - 6 months past due | 11.83 | 12.64 | |
| More than 6 months past due | 11.72 | 27.08 | |
| Total Trade receivables | 23.55 | 39.72 | |

The ageing analysis of trade receivables as of the reporting date is as follows: (₹ in lakhs)

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|--|------------------------------|------------------------------|
| Balance as at beginning of the year | 18.46 | 18.46 |
| Allowance for doubtful debts based on Expected Credit Loss (ECL) | - | - |
| Balance at end of the year | 18.46 | 18.46 |

B. Other Financial Assets

The Company maintains exposure in cash and cash equivalents, time deposits with banks, investments in mutual funds and Non Convertible Debentures. Investment of surplus funds are made only with approved counter parties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

33.3.3 Liquidity risk management

The objective of liquidity risk management is to maintain sufficient liquidity to meet financial obligations of the Company as they become due. The Treasury Risk Management Policy includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements. The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

33.3.3.1 Liquidity risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include principal cash flows along with interest.

| | Weighted average effective interest rate (%) | Upto 1 year | 1-5 years | 5+years | Total |
|-----------------------|--|---------------|------------------|---------------|------------------|
| (₹ in lakhs) | | | | | |
| March 31, 2020 | | | | | |
| Borrowings | 14.34% | 256.00 | 10,595.77 | 381.55 | 11,233.32 |
| Trade Payables | - | 434.37 | - | - | 434.37 |
| Total | | 690.37 | 10,595.77 | 381.55 | 11,667.69 |
| March 31, 2019 | | | | | |
| Borrowings | 13.91% | 266.72 | 10,771.83 | 348.65 | 11,387.20 |
| Trade Payables | - | 479.58 | - | - | 479.58 |
| Total | | 746.30 | 10,771.83 | 348.65 | 11,866.78 |

33.4 Fair value measurements

The Company's certain financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about the valuation technique(s), inputs used and the fair value hierarchy used in determining such fair values.

| Financial assets/ (Financial liabilities) | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|--|------------------------------|------------------------------|----------------------|---|
| | 31 st March, 2020 | 31 st March, 2019 | | |
| Investments in Mutual funds at FVTPL | 84.08 | 112.82 | Level 1 | Fair value of investments in Mutual Funds is based on Net asset value (NAV) declared by mutual fund houses at the reporting date. |
| Investments in NCD | 108.00 | 105.45 | Level 1 | Fair value of investments in Non Convertible Debentures is based on market value. |

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34 State bank of India, Dena Bank and EXIM Bank have absolutely assigned their loan together with underline securities theirto and all rights of State bank of India, Dena Bank and EXIM Bank , title and interest in all agreements, deeds and documents in relation to or in connection with the loan to Invent Assets Securitisation & Reconstruction Pvt Ltd. a company incorporated under companies act,1956 and registered as Secuitisation and asset reconstruction company under section 3 of SARFAESI ACT,2002.

35 Related party transaction

- 1.1 Holding Company Not Applicable
- 1.2 Associate Company SOMA TEXTILE F.Z.C., Umm Al Quwain, U.A.E.
- 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)
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 :

(₹ in lakhs)

| Particulars | Associate | | Key Management personnel and their relatives | | Other parties which significantly influence / are influenced by the Company (either individually or otherwise) | |
|---|-----------------|----------|--|-------|--|------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Rent Paid | - | - | - | - | 1.31 | 1.18 |
| Water & Electricity Charges | - | - | - | - | 1.13 | 1.53 |
| Repair & Maintance | - | - | - | - | 0.24 | 0.24 |
| Rates & Taxes | - | - | - | - | 1.58 | 1.58 |
| Sale of Fixed asset | - | - | - | - | - | 1.10 |
| Remuneration | - | - | 66.82 | 69.23 | - | - |
| Sitting Fee | - | - | 0.08 | 0.10 | - | - |
| Balance outstanding at date of Balance sheet : | | | | | | |
| - receivable | 9,505.07 | 8,547.61 | | | | |

- a) No amount has been written off or written back during the year ended 31st March,2020 (Previous year Nil)
- b) Remuneration does not include the provision made for gratuity as they are determined on an actuarial basis for the company as a whole.
- c) The transaction with related parties are made in the normal course of business and on terms equivalent to those that prevail in arms length transaction.

36 Disclosure of Contingent liabilities and commitments (to the extent not provided for) (₹ in lakhs)

| Particulars | As at | |
|--|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| (i) Contingent Liabilities | | |
| Litigation | | |
| Sales Tax Payment disputed by the Company | 27.84 | 27.84 |
| Excise Duty demand disputed by the Company | 33.23 | 33.23 |
| Employees Provident Fund disputed by the Company | 140.11 | 140.11 |
| Claims against the Company not Acknowledged as debts | 49.59 | 50.91 |
| Disputed Income Tax demand | 674.40 | 673.40 |
| Total | 925.16 | 925.48 |

37 As the Company's business activity falls within a single primary and geographical segment viz. 'Textile', the disclosure requirements of Indian Accounting Standard (IND AS-108) "Segment Reporting", issued under Companies (Indian Accounting Standards) Rules, 2015 is not applicable.

37.1 Value Of Imports (C.I.F.) Accounted For During The Year (₹ in lakhs)

| Particulars | Year ended | |
|------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| Stores (including dyes and spares) | - | 30.47 |

37.2 Expenditure In Foreign Currency (₹ in lakhs)

| Particulars | Year ended | |
|--------------------|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| Traveling Expenses | 1.45 | 10.20 |

37.3 Earning In Foreign Currency During The Year (₹ in lakhs)

| Particulars | Year ended | |
|------------------------|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| F.O.B.Value of Exports | - | 169.93 |

38 Disclosure pursuant to Indian Accounting Standard (Ind AS) - 33 : Earnings Per Share (₹ in lakhs)

| Particulars | | Year ended | |
|--|---------|------------------------------|------------------------------|
| | | 31 st March, 2020 | 31 st March, 2019 |
| Profit/(Loss) after Tax (₹ in lakhs) | A | (611.04) | (1,726.41) |
| Weighted Average number of Equity Shares | B | 3,30,33,000 | 3,30,33,000 |
| Nominal Value Per Share (₹) | C | 10.00 | 10.00 |
| Basic and diluted Earning /(loss) per share (in ₹) | D = A/B | (1.85) | (5.23) |

39 Exceptional items for the quarter and year ended 31.03.2020 represent foreign exchange fluctuation on advance to Soma Textiles FZC (Overseas associate company) in earlier years.

40 The Company has incurred a loss during the year and has negative net worth as at 31st March,2020. However,

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various initiatives undertaken by the Company in relation to saving cost, optimize revenue management opportunities and enhance ancillary revenues are expected to result in improved operating performance. Further, our continued thrust to improve operational efficiency and the company is in the process of identifying surplus assets and will monetise the same in due course to result in sustainable cash flows addressing any uncertainties. Accordingly, the statement of financial results continues to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

41 Details of dues to Micro & Small enterprises as defined under MSMED Act, 2006

Based on information available with the company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) till 31st March, 2020 Accordingly, no disclosure are required to be made under said act.

42 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).

43 The Company has closed Dyeing & Sizing, Weaving and partly Finishing section of the Denim unit w.e.f. closing hours of 31/10/2018 due to continuous EBIDTA loss and high operative cost and other adverse factors. Due intimation has already been given to the stock exchanges as required.

44 Previous year figures have been reclassified to conform to this year's classification.

As per our report of even date

For A. K. OSTWAL & CO.
CHARTERED ACCOUNTANTS
(Firm Reg. No. 107200W)

ASHOK KUMAR JAIN
PARTNER
Membership No. 038521
Place : Ahmedabad
Date : 30th June, 2020

For and on behalf of the Board

| | |
|---------------------|-------------------------|
| S. K. SOMANY | Chairman |
| A. K. SOMANY | Managing Director |
| M. B. PARAKH | Chief Financial Officer |
| A. K. MISHRA | Company Secretary |

INDEPENDENT AUDITOR'S REPORT

To the Members of
Soma Textiles & Industries Limited

Report on the Audit of the Consolidated Indian Accounting Standard (Ind AS) Financial Statement

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Soma Textiles & Industries Limited** ('the Holding Company') and its associate, which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements and on the other financial information of the associate the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Company (including its associate) as at 31st March, 2020, and its consolidated loss (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to Going Concern

We draw attention to Note No. 40 to the consolidated financial statements regarding preparation of the consolidated financial statements on going concern basis for the reason stated therein. The appropriateness of the assumption of the going concern is dependent upon realization of the various initiatives under taken by the Company/ or the Company's ability to raise requisite finance / generate cash flows in future to meet its obligations.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to:

1. Note no. 40 of consolidated Ind AS financial statements regarding preparation of the consolidated Ind AS financial statement on going concern basis for the reason stated therein. The appropriateness of the assumption of the going concern is dependent upon realization of the various initiatives under taken by the Company/ or the Company's ability to raise requisite finance / generate cash flows in future to meet its obligations.
2. Note no. 43 of consolidated Ind AS financial statement for the year ended March 31st March, 2020 stating that company had close down its Dying & Seizing, weaving and partly finishing section of the denim unit w.e.f. closing hours of 31.10.2018 due to continuous EBIDTA loss, high operative costs and other adverse factors.
3. The company had advanced a loan to the tune of ₹ 9505.07 Lakhs (Previous year ₹ 8,547.61 Lakhs) to Soma Textiles FZC (UAE) out of GDR proceeds, classified as Non-Current Loan. The Company has quasi-equity in addition to the capital contribution to 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%

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to 40%. In the financial statement of Soma Textiles FZC ended as at 31st March, 2020 the accumulated loss reflects at AED 6,79,137 as against the total capital of AED 9,00,000 (including statutory reserves)

4. We draw attention to Note no. 2.21 (vii) to the accompanying consolidated Ind AS financial statements, the management has considered internal and external information upto the date of this report in respect of the current and estimated future impact, including Indian economic indicators, consequent to the global health Pandemic of Covid-19. The actual impact of the pandemic may be different from that considered in view of the highly uncertain economic environment and the evolving scenario.
5. Some of the balances of borrowings, Trade Receivables, Deposits, Loans and Advances, Advance received from customers and Trade payable are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.
6. Capital Adequacy has not been maintained during the current year as opined by the independent auditor SKM International Chartered Accountants of Soma Textiles FZC (Associate) situated at Umm Al Quwain Free Trade Zone, Umm Al Quwain, U.A.E. However, the management of Soma Textiles FZC confirms that there is no requirement under the laws, rules and regulations of UAQFTZ or memorandum of Association which require the capital adequacy of the share capital in the Company on year to year basis.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters with respect to our reliance on the work done by and the reports of the other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditor on separate financial statements and on the other financial information of the associate, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the Consolidated state of affairs (Consolidated financial position), Consolidated profit or loss (Consolidated financial performance including other comprehensive income), Consolidated changes in equity and Consolidated cash flows of the Holding Company and its associate in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act.

The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective of Board of Directors/ Management of the companies and its associate companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; selection and

application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated financial statements, management is responsible for assessing the Company's (including its associate) ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's (including its associate) financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's (including its associate) ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company (including its associate) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Associate is located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in that country and which have been audited by another auditor under generally accepted auditing standards applicable in that country. The Parent's management has converted the financial statements of such associate located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion in so far as it relates to the balances affairs of such associate located outside India, is based on the report of other auditor and the conversion adjustments prepared by the management of the Parent and audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

Report on other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the associate, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
 - c) The consolidated Balance Sheet, the consolidated statement of Profit and Loss (Including other comprehensive income) the consolidated statement of Cash Flows and consolidated statement of change in Equity dealt with by this report are in agreement with the relevant books of account;
 - d) The consolidated Ind AS financial statements dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated Ind AS financial statement.
 - e) In our opinion, the aforesaid consolidated Ind AS financial statements comply with Ind AS specified under Section 133 of the Act;
 - f) The matter described in the material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company;
 - g) On the basis of the written representations received from the directors of the holding company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act. Associate entity is incorporated outside India, so provision of Section 164(2) of the Act is not applicable.
 - h) With respect to the adequacy of internal financial controls over financial reporting of the consolidated financial statements required to report under section 143 (3)(i) of the Act would apply for the respective components only if it is a company incorporated in India under the Companies Act, 2013.

The respective Board of Directors of the Holding Company cannot responsible for establishing and maintaining internal financial controls based on criteria established by the Company considering the essentials components of internal controls stated in Guidance Note on Audit of Internal Financial Controls of Financial Reporting issued by the Institute of Chartered Accountants of India for its associates SOMA TEXTILES FZC (U.A.E.) incorporated outside India.

For internal financial controls over financial reporting of Soma Textiles & Industries Limited refer Annexure A of standalone independent auditor's report.

- i) As required by Section 197(16) of the Act, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with schedule V to the Act are not applicable to the associate company, since the associate is not a public company as defined under section 2(71) of the Act.
- j) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the associate:
- a. the Consolidated Ind AS financial Statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its associate;
 - b. The Company (Including its associate) did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company. Associate entity is incorporated outside India so reporting of the same is not applicable.

For, **A.K. OSTWAL & CO**
CHARTERED ACCOUNTANTS
F.R.N. No.: 107200W

ASHOK KUMAR JAIN
PARTNER

M.No.: 038521

UDIN:20038521AAAADL3894

Date : 30th June, 2020
Place : Ahmedabad

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Consolidate Balance Sheet as at 31st March, 2020

| Particulars | Note | (₹ in lakhs) | |
|--|-------|---------------------------------------|---------------------------------------|
| | | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipments | 3 | 1,896.34 | 2,468.23 |
| (b) Intangible assets | 4 | 7.91 | 7.27 |
| (c) Intangible assets under development | | - | 0.72 |
| (d) Financial assets | | | |
| (i) Investments | 5 | 141.21 | 142.89 |
| (ii) Loan | 6 | 9,505.07 | 8,547.61 |
| (iii) Other financial assets | 7 | 260.04 | 202.92 |
| (e) Deferred tax assets (net) | 8 | 1,371.28 | 1,257.88 |
| (f) Income tax assets (net) | 9 | 348.06 | 272.83 |
| Total non-current assets | | 13,529.89 | 12,900.35 |
| 2 Current assets | | | |
| (a) Inventories | 10 | 296.71 | 314.83 |
| (b) Financial assets | | | |
| (i) Investments | 11 | 84.08 | 112.82 |
| (ii) Trade receivables | 12 | 5.09 | 21.26 |
| (iii) Cash and cash equivalents | 13(a) | 519.23 | 467.63 |
| (iv) Bank balance other than (iii) above | 13(b) | 1,415.40 | 1,322.40 |
| (v) Other financial assets | 14 | 39.64 | 37.41 |
| (c) Other current assets | 15 | 377.97 | 304.36 |
| (d) Assets classified as held for sale | | 134.42 | - |
| Total current assets | | 2,872.55 | 2,580.72 |
| Total Assets | | 16,402.45 | 15,481.06 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 3,322.75 | 3,322.75 |
| (b) Other equity | 17 | (8,096.66) | (7,481.39) |
| Total equity | | (4,773.91) | (4,158.64) |
| Liabilities | | | |
| 1 Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 10,977.32 | 11,120.48 |
| (b) Long-term provisions | 19 | 135.38 | 121.19 |
| Total non-current liabilities | | 11,112.70 | 11,241.67 |
| 2 Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Trade payables | 20 | | |
| - total outstanding dues of micro enterprise and small enterprise | | - | - |
| - total outstanding dues of creditors other than micro enterprise and small enterprise | | 434.37 | 479.58 |
| (b) Other current liabilities | 21 | 9,584.19 | 7,876.01 |
| (c) Short-term provisions | 22 | 45.09 | 42.43 |
| Total current liabilities | | 10,063.65 | 8,398.03 |
| Total liabilities | | 21,176.36 | 19,639.70 |
| Total equity and liabilities | | 16,402.45 | 15,481.06 |

Significant accounting policies notes 1 to 44 form an integral part of the financial statements

As per our report of even date
For A. K. OSTWAL & CO.
 CHARTERED ACCOUNTANTS
 (Firm Reg. No. 107200W)

For and on behalf of the Board

ASHOK KUMAR JAIN
 PARTNER
 Membership No. 038521
 Place : Ahmedabad
 Date : 30th June, 2020

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

Consolidate Statement of Profit and Loss for the year ended 31st March, 2020

| Particulars | Note | (₹ in lakhs) | |
|--|-------|---------------------------------------|---------------------------------------|
| | | As at 31 st March, 2020 | As at 31 st March, 2019 |
| I. Revenue from operations | 23 | 2587.19 | 3845.59 |
| II. Other income | 24 | 123.97 | 283.81 |
| III. Total Revenue (I + II) | | 2711.16 | 4129.40 |
| IV. Expenses: | | | |
| Cost of materials consumed | 25 | 876.51 | 1700.35 |
| Changes in inventories of finished goods and work-in-progress | 26 | 9.03 | 332.17 |
| Employee benefits expense | 27 | 483.57 | 974.66 |
| Finance costs | 28 | 1262.27 | 1343.88 |
| Depreciation | 3 & 4 | 246.94 | 294.96 |
| Other expenses | 29 | 1404.95 | 1629.32 |
| Total expenses | | 4283.27 | 6275.33 |
| V. Profit/(Loss) before Exceptional Item and Tax | | (1572.12) | (2145.94) |
| VI. Exceptional items | 30 | 871.30 | 521.31 |
| VII. Profit/(Loss) before tax | | (700.82) | (1624.63) |
| VIII. Tax expense: | | | |
| Deferred tax | | 113.40 | (92.20) |
| IX. Profit/(Loss) for the period | | (587.42) | (1716.83) |
| X. Share of Profit/(Loss) of associates | | (4.23) | (2.88) |
| XI. Profit/(Loss) for the period | | (591.65) | (1719.71) |
| Other Comprehensive Income | | | |
| A. Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods: Re-measurement gains/(losses) on defined benefit plans | | (23.62) | (9.59) |
| Total other comprehensive income for the year | | (23.62) | (9.59) |
| Total comprehensive income for the year | | (615.28) | (1729.30) |
| X. Earnings per equity share: | 38 | | |
| (1) Basic | | (1.86) | (5.24) |
| (2) Diluted | | (1.86) | (5.24) |

Significant accounting policies notes 1 to 44 form an integral part of the financial statements

As per our report of even date
For A. K. OSTWAL & CO.
 CHARTERED ACCOUNTANTS
 (Firm Reg. No. 107200W)

For and on behalf of the Board

ASHOK KUMAR JAIN
 PARTNER
 Membership No. 038521
 Place : Ahmedabad
 Date : 30th June, 2020

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

ANNUAL REPORT 2019-20

Consolidated Statement of Cash Flow for the year ended 31st March, 2020

| Particulars | (₹ in lakhs) | |
|---|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A Cash flow from operating activities | | |
| Profit/(Loss) before exceptional items & tax | (1,572.12) | (2,145.94) |
| Adjustment for: | | |
| - Depreciation | 246.94 | 294.96 |
| - Profit on Sale of Current Investments | - | (1.96) |
| - (Profit) / loss on sale of fixed assets (net) | (57.13) | (234.75) |
| - Interest (Net) | 1,262.27 | 1,343.88 |
| - Other comprehensive income | (23.62) | (9.59) |
| | <u>1,428.45</u> | <u>1,392.53</u> |
| Operating profit/(Loss) before working capital changes | (143.66) | (753.40) |
| Adjustment for : | | |
| - Trade receivables | 16.17 | 219.37 |
| - Other receivables | (1,320.04) | (1,640.34) |
| - Inventories | 18.12 | 630.00 |
| - Trade payables | (66.34) | (767.72) |
| | <u>(1,352.09)</u> | <u>(1,558.69)</u> |
| Cash generated from operations | (1,495.75) | (2,312.10) |
| Cash flow before prior period items, exceptional items & extraordinary items | (1,495.75) | (2,312.10) |
| - Exceptional items | 871.30 | 521.31 |
| Net Cash flow from operating activities | <u>(624.46)</u> | <u>(1,790.79)</u> |
| B Cash flow from investing activities : | | |
| - Purchase of fixed assets | - | (182.91) |
| - Sale of fixed assets | 382.17 | 434.90 |
| - Net off Sales & Purchase of Current investments | 26.18 | (8.37) |
| - Interest received | 462.15 | 406.20 |
| | <u>870.51</u> | <u>649.82</u> |
| Net cash from investing activities | <u>870.51</u> | <u>649.82</u> |
| C Cash flow from financing activities : | | |
| - Total proceeds from borrowings (net of repayments) | (125.26) | (180.05) |
| - Interest paid | (69.20) | (66.89) |
| | <u>(194.46)</u> | <u>(246.95)</u> |
| Net cash from financing activities | <u>(194.46)</u> | <u>(246.95)</u> |
| Net increase in cash and cash equivalents (A+B+C) | 51.60 | (1,387.91) |
| Cash and cash equivalent as on 01.04.2019 (opening balance) | 467.63 | 1,855.55 |
| Cash and cash equivalent as on 31.03.2020 (closing balance) | 519.23 | 467.63 |

As per our report of even date

For A. K. OSTWAL & CO.
CHARTERED ACCOUNTANTS
(Firm Reg. No. 107200W)

ASHOK KUMAR JAIN
PARTNER
Membership No. 038521
Place : Ahmedabad
Date : 30th June, 2020

For and on behalf of the Board

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2020
A. Equity Share Capital

| | | (₹ in lakhs) |
|--|--|--------------|
| Particulars | | Note 16 |
| Balance as at 1st April, 2018 | | 3303.30 |
| Changes in Equity Share Capital during 2018-2019 | | - |
| Balance as at 31st March, 2019 | | 3303.30 |
| Changes in Equity Share Capital during 2019-2020 | | - |
| Balance as at 31st March, 2020 | | 3303.30 |

B. Other Equity

| | | | | | | (₹ in lakhs) |
|--|-----------------|----------------------------|-----------------|-------------------|--|------------------|
| Particulars | Capital Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | | Total |
| Balance as at 1st April, 2018 (a) | 77.57 | 8713.65 | 18.58 | (14561.89) | | (5752.09) |
| Profit for the year (b) | - | - | - | (1719.71) | | (1719.71) |
| Other Comprehensive Income for the year (c) | - | - | - | (9.59) | | (9.59) |
| Total Comprehensive Income for the year (d) = (b) + (c) | - | - | - | (1729.30) | | (1729.30) |
| Balance as at 31st March, 2019 (e) = (a) + (d) | 77.57 | 8713.65 | 18.58 | (16291.19) | | (7481.39) |
| Profit for the year (f) | - | - | - | (591.65) | | (591.65) |
| Other Comprehensive Income for the year (g) | - | - | - | (23.62) | | (23.62) |
| Total Comprehensive Income for the year (h) = (f) + (g) | - | - | - | (615.28) | | (615.28) |
| Balance as at 31st March, 2020 (i) = (e) + (h) | 77.57 | 8713.65 | 18.58 | (16906.46) | | (8096.66) |

The accompanying notes are an integral part of these financial statements

As per our report of even date

For A. K. OSTWAL & CO.
 CHARTERED ACCOUNTANTS
 (Firm Reg. No. 107200W)

For and on behalf of the Board

ASHOK KUMAR JAIN
 PARTNER
 Membership No. 038521
 Place : Ahmedabad
 Date : 30th June, 2020

S. K. SOMANY Chairman
A. K. SOMANY Managing Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

ANNUAL REPORT 2019-20

Notes to the financial statements

Summary of significant accounting policies followed by the company

The consolidated financial statements includes results of the associates of Soma Textile & Industries Limited, consolidated in accordance with Indian Accounting Standards 28 'Investment in Associates and Joint Ventures.

| Name of the company | Country of Incorporation | % shareholding of Soma Textile & Industries Limited | Consolidated as |
|---------------------|--------------------------|---|-----------------|
| Soma Textile FZC | Outside India | 40% | Associate |

An associate is an entity over which the Group is in a position to exercise significant influence over operating and financial policies. The considerations made in determining whether significant influence is being exercised are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit and Loss.

For the purpose of Section 2(6) of the Companies Act, 2013, "associate company", in relation to another company, means a company in which that the other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Explanation- For the purpose of this clause, "significant influence" means control of at least twenty per cent of total share capital and/or the ability to significantly influence the operational and financial policies of the company but not control them. The holding of Soma Textiles & Industries Limited in Soma Textile FZC is 40%. The Soma Textile FZC is consolidated as an associates by virtue of formers ability to influence the operational and financial policies whereby the share of the parent in the associate's net worth and profit has been picked up and accounted for under an independent line item in the "General Reserve", "investment" and "Statement of profit and loss". The excess of cost of investment in the associate and the share of net worth of the associate on the day of investing is reflected as a "Goodwill".

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") as amended by the Companies (Indian Accounting Standards) Rules, 2016, the Companies (Indian Accounting Standards) Rules, 2017 and other relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared on the historical cost basis.

On consolidation, the Investment in associate are translated into INR at the rate of exchange prevailing at the reporting date and their share of loss/Profit are translated at exchange rates prevailing at the dates of the transactions.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the companies. Recognising this purpose, the Ministry of Corporate Affairs vide its General Circular No. 39/2014 dated 14th October 2014 has clarified that only those notes which are relevant to understanding the Consolidated Financial Statements should be disclosed and not merely repeating the notes disclosed in the standalone financial statements to which these consolidated financial statements are attached to.

Accordingly:

- 1] The company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.
- 2] The accounting policies of the parent also broadly represent the accounting policies of the consolidated entity and hence are best viewed in its independent financial statements.
- 3] Note Nos. 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, 42, 43, 44 represent the numbers and required disclosures of the parent and accordingly are best viewed in independent financial statements.

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| 5 Financial Assets | | (₹ in lakhs) | |
|--|---------------------------------------|---------------------------------------|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| Non-current investment | | | |
| Investment in NCD 100 (31 st March, 2019: 100) units in Samasta Micro Finance Ltd. | 108.00 | 105.45 | |
| Investment in equity shares of associate Company | | | |
| Unquoted equity shares | | | |
| 300 Equity Share of AED 1000 each of Soma Textile FZC | 6.53 | 10.76 | |
| Goodwill recognized at the time of investment | 26.67 | 26.67 | |
| Investment in equity shares of others | | | |
| Unquoted equity shares | | | |
| (5 Shares of ₹ 100/- each in Poonam Apt. Association) | 0.01 | 0.01 | |
| Total non-current investments | 141.21 | 142.89 | |

| 17 Other equity | | (₹ in lakhs) | |
|--------------------------------------|---------------------------------------|---------------------------------------|--|
| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 | |
| a. Capital Reserves | | | |
| As per last Balance Sheet | 77.57 | 77.57 | |
| b. Securities Premium Account | | | |
| As per last Balance Sheet | 8,713.65 | 8,713.65 | |
| c. General Reserve | | | |
| As per last Balance Sheet | 18.58 | 18.58 | |
| d. Surplus | | | |
| As per last Balance Sheet | (16,291.19) | (14,561.89) | |
| Profit/(Loss) for the period | (615.28) | (1,729.30) | |
| Closing Balance | (16,906.46) | (16,291.19) | |
| Total | (8,096.66) | (7,481.39) | |

Nature & purpose of Reserve:

a) Capital Reserve

Created on forefieture of equity shares and transfer of Debenture redemption reserve. It shall be utilised as per provision of the Companies Act,2013

b) Securities Premium Account

Created on conversion of convertible debenture and issue of equity shares. It shall be utilised as per provision of the Companies Act, 2013.

c) General Reserve

General Reserve is created out of the profit earned by the company by way of transfer from surplus in the statement of profit and loss. The company can use this reserve for payment of dividend and issue of fully paid up shares. As general reserve is created by transfer from surplus in the statement of profit and loss and is not an item of other comprehensive income, item included in general reserve will not be reclassified to statement of profit and loss.

38 Disclosure pursuant to Indian Accounting Standard (Ind AS) - 33 : Earnings Per Share

| | | (₹ in lakhs) | |
|--|---------|--|--|
| Particulars | | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
| Profit/(Loss) after Tax (₹ in lakhs) | A | (615.28) | (1,729.30) |
| Weighted Average number of Equity Shares | B | 3,30,33,000 | 3,30,33,000 |
| Nominal Value Per Share (₹) | C | 10.00 | 10.00 |
| Basic and diluted Earning /(loss) per share (in ₹) | D = A/B | (1.86) | (5.24) |



SOMA TEXTILES & INDUSTRIES LTD.

Rakhial Road, Ahmedabad – 380 023. Gujarat (INDIA).