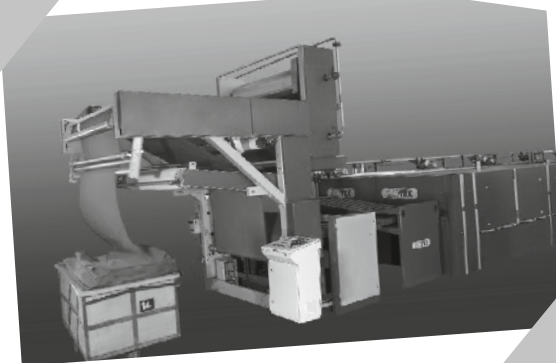
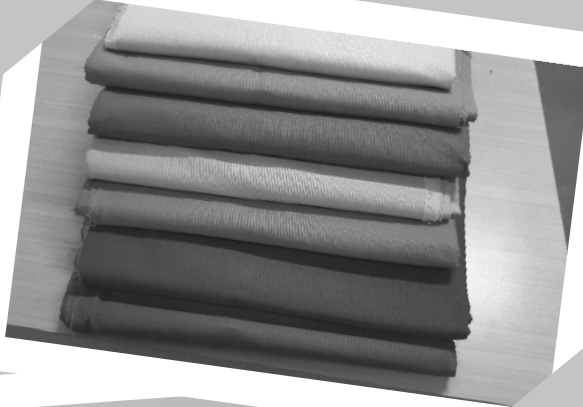


# Annual Report 2021-22

CONSISTENT  
QUALITY THAT  
INSPIRES  
FAITH  
GLOBALLY



**SOMA TEXTILES &  
INDUSTRIES LIMITED**



## **84<sup>th</sup> Annual Report 2021-2022**

**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 (upto 14/10/2021)  
Shri Shrikant Bhat (wef 01/12/2021)

**COMPANY SECRETARY**

- Shri A. K. Mishra (Upto 15/05/2022)  
Smt. Reena Prasad (wef 16/05/2022)

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

### TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Eighty-fourth (84<sup>th</sup>) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held on Wednesday, the 31<sup>st</sup> day of August, 2022 at 3-30 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 31<sup>st</sup> March, 2022 (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.
3. **To appoint M/s. Pipara & Co. LLP, Chartered Accountants as Statutory Auditors of the Company, to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution, as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the recommendations of the Audit Committee of the Board of Directors of the Company and in terms of the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), amendment(s), substitution(s) or re-enactment(s) thereof for the time being in force), M/s. Pipara & Co. LLP, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 107929W) be and are hereby appointed as the Statutory Auditors of the Company, in place of the retiring Auditors M/s. A. K. Ostwal & Co., Chartered Accountants (ICAI Firm Registration No.107200W), to hold office for a term of five (5) consecutive years from the conclusion of this Eighty-fourth (84<sup>th</sup>) Annual General Meeting until the conclusion of the Eighty-ninth (89<sup>th</sup>) Annual General Meeting of the Company to be held sometime in the year 2027, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus applicable taxes and reimbursement of actual out of pocket expenses incurred by them in course of their audit of accounts of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

### SPECIAL BUSINESS:

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

4. **Re-appointment of Shri A. K. Somany (DIN:00024903), as Managing Director, being a Key Managerial Personnel As a Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and rules made thereunder and any amendments thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), subject to prior approval of the financial institutions and/or banks ("the lenders"), where the Company has committed any default in making payment of its dues to the lenders, and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities while granting such approvals, permissions and sanctions and as are agreed to by the Board of Directors (hereinafter referred to as 'the Board' which terms shall include any committee constituted/to be constituted by the Board and any person authorized by the Board in this behalf) and acceptable to Shri Arvind Kumar Somany, the consent of the Company be and is hereby accorded to the re-appointment of Shri Arvind Kumar Somany (Shri Somany), as Managing Director, being a Key Managerial Personnel, of the Company, who shall not be subject to retirement by rotation in terms of Section 152 read with other relevant provisions including Section 160 of the Companies Act, 2013, as amended up to date, for a period of Three (3) years with effect from 22<sup>nd</sup> January, 2023 to 21<sup>st</sup> January, 2026, on such remuneration by way of salary, commission, perquisites, allowances and/or benefits, within and up to the maximum limit as have been determined, fixed and approved by the Board subject to overall limit, stipulated in Sections 197 read with Schedule V of the Companies Act, 2013, as amended up to date and subject further to obtaining Members' approval by virtue of this Special Resolution, proposed to be passed at this meeting and on such other terms, conditions and stipulations (including remuneration) as contained in the "Draft Agreement" to be

entered into between the Company of the ONE PART and Shri Somany of the OTHER PART, and duly specified in the Statement, annexed to the Notice of 84th Annual General Meeting of the Company ("AGM Notice"), which forms the part of this resolution and Draft of the AGREEMENT, as placed before this meeting and initialed by the Chairman of the Company for the purpose of identification, is hereby specifically approved and sanctioned.

**"RESOLVED FURTHER THAT** Board may in its absolute discretion pay to Shri Somany, the Managing Director, being a Key Managerial Personnel, lower remuneration within the said maximum limits as stipulated in the Draft Agreement and the Statement hereinabove referred to."

**"RESOLVED FURTHER THAT** the Managing Director, being a Key Managerial Personnel, shall not be entitled to any sitting fee for attending meeting of the Board and/or Committee(s) thereof."

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

**"RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove where in any financial year during the term of employment of Shri Somany, the Company has no profits or its profits are inadequate, the Company do pay to Shri Somany, subject to requisite approval, if any, the existing remuneration or the revised remuneration, as may be approved by the Board, as a "Minimum Remuneration" per month by way of salary, perquisites, allowances and/or benefits, as specified in the 'Draft Agreement' and also in the Statement annexed to the AGM Notice, subject to and within the maximum ceiling limits laid down under Section II of Part II of Schedule V to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder."

**"RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule V to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, commission, perquisites, allowances and/or benefits, to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule V to the said Act and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

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

**5. Payment of Remuneration by way of Commission to Non-executive Directors of the Company in the event of profits (other than the Managing and Whole-time Directors)**

**As a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder, as applicable, (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to all other approvals, permissions or sanctions, as may be required, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to decide and pay the remuneration by way of commission (over and above the payment of Sitting fees for attending Board Meetings or Committee Meetings), to its the Non-Executive Directors (including Independent Directors) of the Company (other than the Managing and Whole-time Director(s) of the Company), at a rate not exceeding 1% (one percent) per annum of the net profits of the Company in each year, computed in the manner referred to in Section 198 of the Act and the Rules made thereunder, for a period of five (5) years from the financial year commencing on and from April, 2023 and ending on 31<sup>st</sup> March, 2028, without any monetary limit, but subject to such ceiling if any, per annum, as the Board or its Committee may from time to time fix in that behalf for each financial

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year and the same to be divided amongst them in such manner as the Board or its Committee may, from time to time, determine and in default of such determination equally.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company (including any Committee constituted or to be constituted by the Board) be and is hereby authorised to take all actions and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**Registered Office:**

2, Red Cross Place,  
Kolkata – 700 001

By order of the Board of Directors

**(Reena Prasad)**  
Company Secretary  
M. No.: A 53284

Dated, the 13<sup>th</sup> May, 2022

**Notes:**

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business under Item Nos. 4 & 5, to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of this Notice.
2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 2/2022 dated 5<sup>th</sup> May 2022, General Circular No. 21/2021 dated 14<sup>th</sup> December 2021, General Circular No. 19/2021 dated 8<sup>th</sup> December 2021, General Circular No. 02/2021 dated 13<sup>th</sup> January 2021 read with General Circular No. 17/2020 dated 13<sup>th</sup> April 2020, General Circular No. 14/2020 dated 8<sup>th</sup> April 2020 and General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 (collectively referred to as 'MCA Circulars') and Circular Nos. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated 12<sup>th</sup> May 2020, SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated 15<sup>th</sup> January 2021 and SEBI/HO/CFD/ CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May 2022, respectively issued by the Securities and Exchange Board of India ('SEBI') (collectively referred to as 'SEBI Circulars') and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 84<sup>th</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 84<sup>th</sup> AGM shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is given below in the e-voting instructions under Note no. 21.
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 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 Intime') 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](mailto:droliapraavin@yahoo.co.in) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

7. MCA vide Circular dated May 5, 2022, has extended the relaxations from dispatching of physical copies of financial statements for the year 2022 (i.e. till December 31, 2022). 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 2021-22 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 2021-22 will also be available on the Company's website i.e. [www.somatextiles.com](http://www.somatextiles.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).

8. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 20<sup>th</sup> August, 2022 to Wednesday, the 31<sup>st</sup> August, 2022 (both days inclusive) for the purpose of 84<sup>th</sup> Annual General Meeting of the Company.
10. 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.
11. 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](mailto:ahmedabad@linkintime.co.in) along with request letter, folio no., name of the Member, and scanned copy of the share certificate (front and back), PAN Card (Self-attested scanned copy) and Aadhar Card (Self-attested scanned copy).
12. 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.
13. 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.
14. 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).
15. 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.
16. 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 31<sup>st</sup> March, 1998, from time to time on due dates, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. The Company has however not declared any dividend thereafter since the financial year ended 31<sup>st</sup> March, 1999 and up to the year ended 31<sup>st</sup> March, 2022. 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](http://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](http://www.iepf.gov.in) and

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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.

17. 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.
18. 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.
19. 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](mailto:investors@somatextiles.com) from August 16, 2022 to August 20, 2022 (up to 5:00 p.m. IST). The same will be replied by the Company suitably.
20. 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](mailto:investors@somatextiles.com).
21. 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, May 05, 2020 and January 13, 2021, 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) Practicing 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. Wednesday, August 24, 2022. 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:
  - a. Commencement of remote e-voting: 9.00 A.M. (IST) on Sunday, August 28, 2022.
  - b. End of remote e-voting: 5.00 P.M. (IST) on Tuesday, August 30, 2022
  - c. 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.
- IX. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.
	2) After successful login the Easi / Easiest user will be able to see the e- Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e- Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.
	3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>
	4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/Evotinglogin">https://evoting.cdslindia.com/Evoting/Evotinglogin</a> . The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	1) If you are already registered for NSDL IDeAS facility, please visit the e- Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e- Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e- Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e- Voting period or joining virtual meeting & voting during the meeting.
	2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> . Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e- Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e- Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

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**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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

Process and manner for Remote e-voting:

- (i) The shareholders should Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” module
- (iii) Now enter your User ID :-
  - (a) For CDSL – 16 digits beneficiary ID,
  - (b) For NSDL – 8 Characters DP ID followed by 8 Digits Client ID,
  - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at [www.cdslindia.com](http://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.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (vi) 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"> <li>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.</li> </ul>
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"> <li>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).</li> </ul>

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) 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 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 (EVSNS) - **220726016** 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](mailto:investors@somatextiles.com) / RTA at [ahmedabad@linkintime.co.in](mailto: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](mailto:investors@somatextiles.com)/ RTA at [ahmedabad@linkintime.co.in](mailto: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.

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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](mailto: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](mailto:investors@somatextiles.com) from August 16, 2022 to August 20, 2022.
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](mailto: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](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Rakesh Dalvi (022-23058542/43).
- 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, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto: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](http://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 84<sup>th</sup> AGM of the Company, shall deemed to be passed on the date of the AGM i.e. 31<sup>st</sup> August, 2022.
- (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 84<sup>th</sup> 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 57 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 18<sup>th</sup> 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

Dated, the 13<sup>th</sup> May, 2022

By order of the Board of Directors

**(Reena Prasad)**  
Company Secretary  
M. No.: A 53284

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## STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### ITEM NO. 4

The present tenure of Shri Arvind Kumar Somany ('Shri Somany'), as the Managing Director, being Key Managerial Personnel, of the Company, who is not subject to retirement by rotation, will expire by an efflux of time on 21<sup>st</sup> January, 2023.

The Board of Directors of the Company ('the Board') at its meeting held on 13<sup>th</sup> May, 2022, have re-appointed Shri Somany as Managing Director for a period of 3 (Three) years, effective from 22<sup>nd</sup> January, 2023, subject however to the approval of the shareholders in the ensuing 84<sup>th</sup> Annual General Meeting (AGM) and of the Banks/Financial Institutions, if required, who have granted financial assistance to the Company and subject further to such other approvals and/or sanctions, as may be required, on the terms and the remuneration permissible under Section 197 read with Schedule V to the Companies Act, 2013 ("the Act"), as amended up to date and embodied in the Agreement, to be entered into with Shri Somany. Shri Somany shall be a non-retiring Managing Director, who shall not be liable to retire by rotation, in terms of Section 160 of the Act, including other provisions of the Act.

The Board considers that his service will be useful to the Company and that it is in interest of the Company that he be re-appointed as 'Managing Director' of the Company. His appointment and remuneration so fixed by the Board upon recommendation of the Nomination and Remuneration Committee are in accordance with Schedule V to the Act, as amended up to date and subject to the approval of Members of the Company at the ensuing 84<sup>th</sup> AGM.

The Board of Directors have fixed the following remuneration as per the recommendation of the Nomination and Remuneration Committee to be paid to Shri Somany, as Managing Director of the Company during his respective tenure of re-appointment with power to make such variation or increase therein as may be thought fit from time to time, but within the ceiling laid down under Schedule V to the said Act, or any statutory amendment or relaxation thereof:-

#### 1) Period of Appointment:

3 (Three) years commencing from 22<sup>nd</sup> January, 2023 to 21<sup>st</sup> January, 2026

#### 2) Nature of Duties:

Subject to the superintendence, control and direction of the Board, Shri Somany shall perform such duties and exercise such powers as may from time to time be entrusted to or vested in him by the Board and shall devote the whole of his time and attention to his service as the Managing Director of the Company.

#### 3) Remuneration (including maximum limit)

Shri A. K. Somany, Managing Director (hereinafter referred to as the appointee), shall be entitled to the following remuneration with effect from 22<sup>nd</sup> January, 2023 for the period of his office from 22<sup>nd</sup> January, 2023 to 21<sup>st</sup> January, 2026 or as may be determined and revised by the Board at its discretion from time to time within the maximum permissible limit.

A.	Salary (Basic & D.A.)	At ₹ 4,08,250/- lacs per month, effective from 22 <sup>nd</sup> January, 2023. with such increments and/or accelerated increments as may be decided by the Board of the Company, upon due recommendation of the Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites, allowances & benefits related to and depending upon the quantum of salary, within and up to a maximum of ₹ 7.50 lacs (Rupees Seven Lacs Fifty Thousands Only) per month or ₹ 90 lacs (Rupees Ninety Lacs Only) per annum and such other perquisites, allowances and benefits. First Annual increment is due and effective from 1 <sup>st</sup> April, 2023 and thereafter from 1 <sup>st</sup> April, each year. Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time subject to within and up to a maximum Salary of ₹ 7.50 Lacs per month or ₹ 90 Lacs per annum. Such special allowances or such other allowances or additional salary, will however not be eligible for retrial benefits such as Provident fund, Gratuity/Super Annuation Fund and other perquisites, allowances and benefits.
B.	Commission	In addition to Salary, in the event of profits or adequate profits, appointee shall also be entitled to such remuneration by way of such percentage of Commission as may be decided by the Board on the recommendation of Remuneration Committee at its discretion from time to time or at the end of such Financial Year.
C.	Perquisites	In addition to Salary and Commission the appointee shall be entitled to the following perquisites, subject however to a ceiling restricted to 100% of annual salary of appointee, unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

**CATEGORY – A**

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

**Housing**

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

**Explanation:**

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

**Medical Reimbursement**

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

**Leave Travel Concession**

For the appointee and his family once in a year, while on leave, incurred in accordance with the rules of the Company.

**Club Fees**

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

**Personal Accident Insurance**

Of an amount, the annual premium of which does not exceed ₹10,000/- per annum.

**Other benefits and Allowances**

Any other benefits, facilities and allowances as may be available and allowed to the appointee, as per rules of the Company.

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

**Explanation:**

For the purpose of Category – 'A', family means, the spouse, the dependent children and dependent parents of the appointee.

Note: All the perquisites will be interchangeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisites.

**CATEGORY – B**

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

These above perquisites, as specified in paragraph 1 of Section IV of Part II of Schedule V to the Act, as amended up to date, shall not, however be included in the computation of the ceiling on the minimum remuneration specified under Section II of Part II of Schedule V to the Act, as amended up to date.

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## CATEGORY – C

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

Provided the aggregate of salary, commission, perquisites, allowances and benefits as contemplated in Clauses (A), (B) and (C) under the Remuneration Clause 3 above shall not in any financial year exceed the overall ceiling stipulated in Sections 197 and other applicable provisions of the Act read with the Schedule V of the Act, as amended up to date (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director as calculated in accordance with Sections 197 of the Act, as amended up to date).

### Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Managing Director and Executive Director(s) as calculated in accordance with Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said Act, as may for the time being in force.

### Minimum Remuneration

In the event of loss or inadequacy of profits under Sections 198 of the Companies Act, 2013, as amended up to date, in any financial year(s) during the currency of tenure of office of appointee, the Company shall pay him in respect of such financial year(s) remuneration by way of consolidated salary, perquisites, allowances and benefits, as "Minimum Remuneration" as he may be the then time drawing as specified in Clauses (A), (B) & (C) of the Remuneration Clause 3 above, subject to an overall limits laid down under Section II of the Part II of Schedule V to the Act, as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits, as may be provided by the Central Government from time to time as to "Minimum Remuneration".

The perquisites specified under category 'B' of Remuneration Clause 3(C), above in terms of paragraph 1 of Section IV of Part II of Schedule V to the Act, however shall not be included in the computation of the ceiling on the "Minimum Remuneration" specified under Section II of Part II of Schedule V to the Act, as amended up to date.

### Sitting Fee

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

### Retirement by Rotation

The appointee shall not be liable to retire by rotation. If at any time the appointee ceases to be a Director of the Company for any cause whatsoever he shall cease to be a Managing Director of the Company.

### Other Terms

The appointee shall not during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret(s) or process(es) of the Company and shall during the continuance of his employment use his best endeavors to prevent any other person from doing so.

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

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

### Termination

Notwithstanding anything contained in the Agreement, either party, shall be entitled to determine the Agreement by giving 6(six) calendar months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason, whatsoever to terminate the Agreement on giving to the appointee 6(six) month's salary as specified in Remuneration Sub-clause (A) of Remuneration Clause 3 above in lieu of 6(six) calendar months' notice required to be given under this Clause.

### Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of appointee by being delivered either personally to him or left for him at his address last known to the Company or sent by Registered Post addressed to him at

such address and in the case of the Company by being delivered at or sent by Registered Post addressed to its Registered Office. Any such notice if so posted shall be deemed served on the day following that on which it was posted.

With the approval of the Members to the proposed Resolution, the Board will have the discretion and delegated authority of the Members of the Company to fix and revise the salary within overall ceiling (I) as specified under the relevant provisions of Companies Act, 2013, and (II) as approved by the Members hereinunder this Resolution, whichever is lower.

The limits specified in the Statement attached to this Notice in regard to Resolution set out at item nos. 4 is only the maximum limits and the Board may in exercise of the delegated authority pay Shri Somany, a lower remuneration and may revise the same from time to time within the maximum limits stipulated in the Statement attached to the notice forming part of the Resolution.

However, in the absence, or inadequacy of profits in any financial year, during the tenure of Shri Somany, Managing Director, of the Company, the minimum remuneration payable by the Company to him by way of salary, commission and perquisites shall not exceed the maximum limit of ₹ 90 Lacs plus 0.01% of the effective capital in excess of ₹ 250 Crores, as prescribed under Section II(A) of Part II of Schedule V of the Act, as amended up to date, as envisaged under the said Schedule V of the Act, as amended up to date.

Pursuant to Section II(A) of Part II of Schedule V of the Act, as amended up to date, a Statement in the prescribed format is required to be sent to all shareholders, containing the information specified therein along with the Notice calling the Annual General Meeting.

In compliance with the provisions of Sections 196, 197 read with Schedule V and other applicable provisions of the Act, a Special Resolution as set out in item No. 4 of the accompanying Notice is now being placed before the Members for their approval.

The Board therefore recommends passing of the Resolution set out in item No.4 of the accompanying Notice.

#### **MEMORANDUM OF INTEREST**

Save and except Shri S. K. Somany, Chairman and Shri A. K. Somany, Managing Director, being close relatives to each other, none of the other Directors of the Company are, in any way concerned or interested or deemed to be concerned and interested in this Resolution.

#### **INSPECTION OF DOCUMENTS**

The draft copy of the service Agreement proposed to be entered into between the Company and Shri Somany in connection with his re-appointment as Managing Director is available for inspection of the Members at the Registered Office of the Company on any working day between 11-00 A.M. and 1-00 P.M. upto and including the date of Annual General Meeting or any adjournment or adjournments thereof. The same will also be available at the meeting.

#### **ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT UNDER SECTION 190 OF THE COMPANIES ACT, 2013**

The terms and conditions of re-appointment and remuneration payable to Shri Somany as Managing Director, designated as 'Executive Director', being a Key Managerial Personnel of the Company, as set out in the Agreement referred to and Statement, duly annexed to the accompanying Notice should be treated as an 'ABSTRACT' of the terms of his re-appointment and Memorandum of Interest under Section 190 of the Companies Act, 2013.

The requisite information required to be provided to the Shareholders of the Company in the Notice convening the 84<sup>th</sup> Annual General Meeting of the Company in terms of Part-II, Section II of Schedule V to the Companies Act, 2013, is set out below :-

#### **I. General Information:-**

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

(₹ in Lacs)

Year ending 31 <sup>st</sup> March	Sales	Operating Profit/(Loss)	Profit/(Loss) before Tax	Net Profit/(Loss) after Tax
2018	8226	458	(343)	(823)
2019	3846	(791)	(1625)	(1717)
2020	2587	(187)	(701)	(587)
2021	1283	(528)	(2251)	(2149)
2022	1455	(474)	(1546)	(1648)

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(4)	Export performance and net foreign exchange earnings	<p>: Due to stiff competition, the Company was able to export for Rs NIL as against the export of Rs NIL achieved in the previous year.</p> <p>Foreign exchange earned and used during the financial year 2021-22 and 2020-21:- (₹ in lacs)</p> <table border="1" data-bbox="690 280 1233 371"> <thead> <tr> <th></th><th>2021-22</th><th>2020-21</th></tr> </thead> <tbody> <tr> <td>Foreign Exchange earned</td><td>Nil</td><td>Nil</td></tr> <tr> <td>Foreign Exchange used</td><td>Nil</td><td>Nil</td></tr> </tbody> </table>		2021-22	2020-21	Foreign Exchange earned	Nil	Nil	Foreign Exchange used	Nil	Nil
	2021-22	2020-21									
Foreign Exchange earned	Nil	Nil									
Foreign Exchange used	Nil	Nil									
(5)	Foreign Investments or Collaborators, if any	<p>: Holdings of FIIs/NRIs and other non-residents is 0.31% in the Company as at 31<sup>st</sup> March, 2022.</p> <p>The Company has no foreign Collaborator.</p>									

### II. Information about the appointee:-

(1)	Background details	:	Shri A. K. Somany Shri A. K. Somany (“Shri Somany”) is an Industrialist from Somany family and is actively looking after the affairs of the Company. He is the co-promoter and presently the Managing Director of the Company. Shri Somany, aged about 66 years’ is a Science Graduate (B.Sc.) and holds Membership of All India Management Association (MIMA). He has more than 42 years’ experience in Textile and Ceramic Industry, to his credit, of which more than 34 years’ in Textile Industry as the Managing Director of the Company, appointed since 22 <sup>nd</sup> January, 1988. Shri Somany has taken several initiatives to focus on growth, value addition and cost effectiveness for growth of the Company. Shri Somany looks after the overall Management Control and affairs of the Company. Shri Somany has successfully and in a sustained way, contributed significantly towards improvement and growth of the Company.	
(2)	Past remuneration	:	2017-2018:	₹ 59,06,880/-
			2018-2019:	₹ 33,92,060/-
			2019-2020:	₹ 51,91,200/-
			2020-2021:	₹ 59,06,880/-
			2021-2022:	₹ 59,06,880/-
(3)	Recognition or Awards	:	He is the past Chairman of Ahmedabad Mill Owners’ Association and has been a member of The Indian Cotton Mills’ Federation and several other committees constituted by governmental bodies.	
(4)	Job profile and his suitability	:	To provide vision guidance and direction for long term growth and overall management control and to formulate plans and strategy for continuance performance & growth of the Company. Shri A. K. Somany (“Shri Somany”) is entrusted with the substantial power and authorities to manage the affairs of the Company. Shri Somany, the Managing Director, shall devote his whole-time and attention to the business and affairs of the Company and carryout such duties as may be entrusted to him from time to time by the Board of Directors of the Company (“the Board”) and exercise such powers as assigned to him by the Board under the superintendence, control and direction of the Board in the best interest of the Company. The Board is of the opinion that Shri Somany possesses in depth understanding and knowledge of the Textiles Industry and leadership skills, he is therefore ideally suited for the job.	
(5)	Remuneration proposed	:	(a) Salary (Basic + DA) at ₹ 4,08,250/- per month within and up to a maximum of ₹ 7,50,000/- per month with authority to the Board to fix the salary and to consider an annual increment/accelerated increment at its discretion upto and within the said maximum amount of salary, upon due recommendation of the Remuneration Committee, (b) such percentage of Commission as may be decided by the Board on the recommendation of Nomination and Remuneration Committee at its discretion from time to time or at the end of such financial year,	

		(c) Perquisites, allowances and benefits, as spelt out in the Statement annexed to the Notice convening the 84 <sup>th</sup> Annual General Meeting of the Company subject to a ceiling restricted to 100% of his annual salary (BASIC + D.A.) or as may be determined by the Board from time to time within the maximum limit for remuneration fixed by the Company provided the aggregate of salary, Commission, perquisites, allowances & benefits, as contemplated under items (a), (b) & (c) above shall not exceed the overall limits prescribed under Sections 197 and other applicable provisions of the Companies Act, 2013, read with Schedule V of the said Act as may for the time being in force (5% of the net profits in case of one Whole-time Director and 10% of the net profits for more than one Whole-time Director as calculated under Sections 197 of the Companies Act, 2013).
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	: Compared to the remuneration with respect to the Industry, Companies of similar size as that of the Company and persons holding similar position, the remuneration proposed to be paid to Shri Somany as the Managing Director is not adequate. Remuneration for a person of his caliber and position should generally be higher than what is being paid to him.
(7)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	: Shri S. K. Somany, the Non-executive Chairman of the Company, is the father of Shri A. K. Somany (Shri Somany). Shri Somany holds 29,65,695 Equity Shares, constituting 8.98% of the paid up Equity Share Capital of the Company and belongs to promoters' group having control over the management of the Company. The Managing Director has no other pecuniary relationship directly or indirectly with the Company or with any of the managerial personnel of the Company, except to the extent of remuneration and other employment benefits being paid to him as Managing Director of the Company and the holdings in the Company held by him and his relatives and associates or held by the Company(ies), Firm(s) and Trust(s), in which he is interested as a director, member, partner and trustee and further to the extent of dividend, if any, declared and paid by the Company on their respective holdings and such other benefits arising out of such Shareholdings, as Managing Director.

### III. Other Information:-

(1)	Reasons for loss or inadequate profits	: Ever increasing input costs, high interest rates, high debt burden coupled with high volatility in forex market, adverse market conditions and general economic slow-down had severe adverse impact on the workings and the financial performance of the Company. All these factors collectively resulted in continuing loss in the Company from the year 2007-08 and onwards.
(2)	Steps taken or proposed to be taken for improvement	: The Management is taking necessary and adequate steps to improve workings and profitability of the Company. Various measures and steps have been taken in the matter of cost control, product mix borrowing at cheaper rates and process improvement for improving efficiency. The Company would continue its endeavors to increase the revenues to improve its productivity and profits in the coming years.
(3)	Expected increase in productivity and profits in measurable terms	: Steps, as aforesaid, being taken by the Company, would increase the productivity of the Company. The Company continues to undertake constant measures for improvement in its productivity and profits. The Management expects reasonable growth in business, gross revenue and profit of the Company. However it is difficult to predict profits in the measurable terms, in the present business scenario for the coming years.

### IV. Disclosures :

(1)	The Shareholders shall be informed of the remuneration package of the managerial person	: Yes, the Remuneration package has been fully disclosed under the Statement, in regard to special resolution set out at item no. 4 of the Notice relating to re-appointment and remuneration payable to Shri A. K. Somany, the Managing Director duly annexed to the Notice convening the 84 <sup>th</sup> Annual General Meeting of the Company, as determined and fixed by the Board subject to overall ceiling laid down in Sections 197 & other applicable provisions of the Companies Act, 2013, including Schedule V to the Act, to seek members' approval.
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(2)	All elements of remuneration package such as salary benefits, commission, bonus, stock option, perquisites of all the Directors	:	The Remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report for the year 2021-2022.
(3)	Details of fixed components and performance linked incentives along with performance criteria		
(4)	Service contracts, notice period, severance fees etc	:	Service Agreement is for a period of Three (3) years from 22 <sup>nd</sup> January, 2023 to 21 <sup>st</sup> January, 2026. Notice period is Six (6) months. No severance fee is payable on termination.
(5)	Stock option details, if any and whether the same has been insured at a discount as well as the period over which accrued and over which exercisable	:	The Company has not issued any stock options to any of its Directors or Managerial Personnel.

Except Shri S. K. Somany, who is father of Shri A. K. Somany, none of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of the Notice.

The Board recommends the Special Resolution set out at item no. 4 of the Notice for approval by the shareholders.

### Item No. 5

At the 80<sup>th</sup> Annual General Meeting held on Thursday, the 13<sup>th</sup> day of September, 2018, the Members had approved the payments of commission to Directors of the Company (other than the Managing and Whole-time Directors of the Company), at a rate not exceeding 1% (One percent) of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013 for each of the Financial year for a period of Five (5) years commencing from the 1<sup>st</sup> day of April 2018 and ending on the 31<sup>st</sup> day of March 2023.

Accordingly it is proposed that in terms of the provision of Section 197 of the Companies Act, 2013 ("the Act"), the Non-Executive Directors (including Independent Directors) be paid remuneration by way of commission not exceeding in aggregate 1% (One percent) of the net profits of the Company, computed in the manner laid down in Section 198 of the Act, for each of the five (5) financial years with effect from 1<sup>st</sup> April, 2023 for a further period of five (5) consecutive years.

The Resolution set out in Item No.5 of the convening Notice is an enabling resolution to seek fresh approval of the Members for the purpose of continuity of payment of such remuneration as commission for each Financial Year in pursuance of Section 197 and 198 of the Companies Act, 2013 for a further period of Five (5) years i.e. from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2028, Directors accordingly recommend the same for approval by the Shareholders.

The said remuneration to the Non-Executive Directors shall be in addition to the sitting fees payable to them for attending meetings of the Board and Committees thereof and reimbursement of expenses for participation in the Board or the Committee Meetings.

Non-Executive Directors (including Independent Director) may be deemed to concerned or interested in the Resolution to the extent of remuneration as commission that may be received by them. Save and except, none of the other Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at item no.5 of the Notice.

### Registered Office:

2, Red Cross Place,  
Kolkata – 700 001

By order of the Board of Directors

Dated, the 13<sup>th</sup> May, 2022

**(Reena Prasad)**  
Company Secretary  
M. No.: A 53284



## **DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting their Eighty-fourth (84<sup>th</sup>) Annual Report of the Company, together with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2022.

### **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 2021-22 was ₹ 1455.19 lakhs as compared to ₹ 1282.52 lakhs in previous year, an increase of 13.46 %.

The loss before Prior period, Exceptional item and Tax was ₹ 1749.34 lakhs against the previous year loss of ₹ 1913.82 lakhs.

The net loss for the year was ₹ 1643.21 lakhs against the previous year net loss of ₹ 2155.64 lakhs.

### **2. DIVIDEND**

The Board of Directors of your Company have not recommended any dividend for the Financial Year ended 31<sup>st</sup> March, 2022, considering the loss during the year and brought forward losses.

### **3. COTTON**

India's cotton production in the current season 2021-22 is likely to be 335.13 lakh bales. The exports are estimated to be 35 lakh bales.

### **4. EXPORT**

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

### **5. ANALYSIS AND REVIEW**

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries.

The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The decentralized power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.

### **6. IMPACT OF THE COVID-19 PANDEMIC**

The impact of coronavirus pandemic on India has been largely unsettling in terms of economic activity across all sectors. During this crisis, the Company has sustained its commitment towards ensuring the health and safety of its employees, their families, and other stakeholders. The pandemic has tapped the new digital era for the industry, due to the rapid challenges arising from disruption in supply chains and the need to change business processes. It has driven the Company to implement responsive commercial strategies focused on ensuring business continuity during such unprecedented times. The impact of the pandemic on our business performance is outlined in the initial sections of this Annual Report and under the Management and Discussion Analysis Report.

### **7. OPPORTUNITIES AND CHALLENGES**

The future for the Indian textiles industry looks promising. The Indian textile industry has vast potential for growth, buoyed by 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.

### **8. PRESENT STATUS OF THE UNIT**

The unit as other industrial units in Ahmedabad city was discharging treated liquid effluents through its normal ETP in to the sewer lines of AMC as a result of directions issued by High court of Gujarat in the suo motu writ petition (PIL) No.98 of 2021 to sever the industrial effluent sewage connection. The court directed the AMC to disconnect the water and drainage connections of industrial units which release partially treated/untreated water and added that no re-connection shall be granted by AMC without prior approval of GPCB.

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On January 28, 2022 the high court of Gujarat had rejected applications filed by 11 industrial units against the AMC and GPCB after they snapped drainage connections of 393 industrial units during the drive following the High court order. The industries had raised the issue of the right to discharge treated effluents in to the AMC sewage lines but the court discussed the law in detail and concluded that industries do not have a right to release their treated effluents in sewage lines and mix them with domestic waste water. The industrial units filed an appeal against the High Court order in the Supreme Court but the same was rejected by Supreme Court on 25.3.2022 and upheld the high court order by which it refused to allow the industrial units to discharge their treated effluents into the AMC sewage lines. Due to this Manufacturing operation is discontinued.

## **9 EXPANSION AND MODERNISATION**

Because of financial constraint company did not go for modernization.

## **10. CONSOLIDATED FINANCIAL STATEMENT**

As required by Regulation 33 of the SEBI (LODR) Regulations, 2015, the Consolidated Audited Financial Statements have been prepared in accordance with 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, are provided, forming part of the Annual Report.

## **11. 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 31<sup>st</sup> March, 2022 prepared in accordance with the applicable Accounting Standard, is annexed to the financial statement, which forms part of the Annual Report.

## **12. 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.

## **13. INTERNAL FINANCIAL CONTROL**

The Company has in place internal financial control systems commensurate with the size, nature and complexity of its operations ensuring 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.

## **14. 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 there are no deposits pending with the Company as on the Balance Sheet closure date.

## **15. 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 financial year 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2022. On 31<sup>st</sup> March, 2022, the Equity Share Capital stood at ₹ 3303.30 Lacs, divided in to 33033000 Equity Shares of ₹ 10 each and Preference Share Capital stood at ₹ 975 Lacs, divided in to 975000, 0.01% Cumulative Redeemable Non-convertible Preference Shares of ₹ 100 each.

## **16. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **Re-appointment**

Shri Arvind Kumar Somany (Shri Somany), who is Managing Director, designated as Key Managerial Personnel of the Company. The term of Office of Shri Somany (DIN: 00024903), as a Managing Director, designated as Key Managerial Personnel of the Company, will end owing to efflux of time from the close of business on 21<sup>st</sup> January, 2023.

Pursuant to Section 196 and 197, read with Schedule V and other relevant provisions of the Act and based on recommendation of the Nomination and Remuneration Committee, the Board of Directors has considered and recommends the re-appointment of Shri Somany, as Managing Director, for further term of three years effective from "22<sup>nd</sup> January, 2023, well in advance to seek Shareholders approval at the forthcoming AGM of the Company. An appropriate resolution, to this effect is being proposed to the Members of the Company at the forth-coming 84<sup>th</sup> AGM.

#### **Rotation**

At the forthcoming 84<sup>th</sup> Annual General Meeting (AGM) of the Company, Shri Shrikant Bhairaveshwar Bhat (Shri Bhat) (DIN: 00650380) retires by rotation and being eligible, offers himself for re-appointment in accordance with 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 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 are disqualified from being appointed or holding office as Directors as stipulated under Section 164(2) of the Companies Act, 2013.

#### **Key Managerial Personnel**

Pursuant to the office of the Chief Financial Officer (CFO) being vacant Mr. Shrikant Bhairaveshwar Bhat (Shri Bhat), Whole-time Director, was appointed as the interim Chief Financial Officer (CFO), with effect from 14<sup>th</sup> October, 2021. Subsequently, the Board, on recommendation from the Nomination and Remuneration Committee and Audit Committee, had appointed Shri Bhat as the Chief Financial Officer with effect from 1<sup>st</sup> December, 2021. The Key Managerial Personnel(s) of the Company as on March 31, 2022 are Shri S. K. Somany, Non-Executive Chairperson, Shri A. K. Somany, Managing Director & CEO, Shri Shrikant Bhairaveshwar Bhat, Whole-time Director & Chief Financial Officer and Shri Abhishek Kumar Mishra, Company Secretary & Compliance Officer. Further, Shri Abhishek Kumar Mishra has resigned from the post of Company Secretary & Compliance Officer of the Company, with effect from 15<sup>th</sup> May, 2022 vide his email dated 6<sup>th</sup> April, 2022, owing to personal reasons and Board has appointed Mrs. Reena Prasad as the Company Secretary & Compliance Officer of the Company, with immediate effect.

#### **17. 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.

#### **18. 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 is not applicable to the Company. In view thereof, the Annual Report on CSR activities is not annexed.

#### **19. 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 pursuant to Section 186 of the Companies Act, 2013, during the financial year ended 31<sup>st</sup> March, 2022.

#### **20. 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.somatextiles.com/home.php/investors/policies](http://www.somatextiles.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 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, in accordance with policy of the Company on materiality of related party transactions. Accordingly, the

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disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable 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 pursuant to Accounting Standards.

## 21. 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 2022-23.
- (ii) The Calcutta Stock Exchange Association Ltd. has vide its Letter No. CSEA/ID/223/2008 dated 16<sup>th</sup> April, 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

### Stock Code

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

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

## 22. DELISTING FROM STOCK EXCHANGE

The Company vide its application dated 31<sup>st</sup> March, 2021 applied for Voluntary Delisting of its Equity Shares from BSE Limited in terms of Regulation 6 (a) and Regulation 7 of SEBI (Delisting of Equity Shares) Regulations, 2009, as approved by the Board of Directors of the Company at its meeting held on 30<sup>th</sup> March, 2021. However, confirmation/approval for the same, from BSE Limited are awaited.

Further, the Equity Shares of the Company will continue to be listed on National Stock Exchange of India Limited.

## 23. 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.

## 24. 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 own 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. The manner in which the evaluation has been carried out has been provided in the Corporate Governance Report, forming part of Board's Report.

## 25. 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 exceeded 120 days, as prescribed in the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## 26. 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 member of the Committee. Thus the composition is in conformity 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.

Four (4) 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.

## **27. 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 in 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 access to the Chairman of the Audit Committee.

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

## **28. REMUNERATION POLICY**

The Board has, on 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 Company's Nomination and Remuneration Policy is stated in the Corporate Governance Report. The Policy is available on the website of the Company viz. [www.somatexiles.com](http://www.somatexiles.com).

## **29. 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.

## **30. 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 bench mark 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.

## **31. ANAGEMENT DISCUSSION AND ANALYSIS**

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

## **32. 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 on the basis of 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 31<sup>st</sup> March, 2022 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 so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2022 and of the loss of the Company for the year ended on that date;
- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with 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.

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- (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.

### 33. AUDITORS

Statutory Auditors M/s. A. K. Ostwal & Co., Chartered Accountants (ICAI Firm Registration No. 107200W) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 79<sup>th</sup> AGM held on 25<sup>th</sup> August, 2017, completed first term of five years of their appointment and expressed their unwillingness to re-appoint as the Statutory Auditors of the Company for the next term of five years.

Based on the recommendation of the Audit Committee and in terms of the requirement of the Companies Act, 2013, Board at its meeting held on 13<sup>th</sup> May, 2022, appointed M/s Pipara & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 107929W) as the Statutory Auditors of the Company, in place of the retiring statutory auditors M/s. A. K. Ostwal & Co., Chartered Accountants, to hold office for a period of consecutive five (5) years from the conclusion of the ensuing 84<sup>th</sup> Annual General Meeting (AGM) until the conclusion of 89<sup>th</sup> Annual General Meeting (AGM) of the Company, subject to approval of the Members of the Company at the ensuing Annual General Meeting.

The company has received a certificate from M/s Pipara & Co. LLP, Chartered Accountants, confirming their eligibility to be appointed as Statutory Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the provisions of Regulation 33 of the Listing Regulations. The proposal for their appointment has been included in the Notice convening the 84<sup>th</sup> AGM for obtaining approval of the Members of the Company.

Further, the report of the Retiring Auditors along with notes to Schedules is enclosed to this report. Auditors' Report for the financial year ended March 31, 2022 is unmodified i.e. it does not contain any qualification, reservation or adverse remark.

### 34. 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 31<sup>st</sup> March, 2023, pursuant to the provisions of Section 204 of the Companies Act, 2013, read with the corresponding rules framed thereunder.

### 35. MANAGERIAL REMUNERATION

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

### 36. SECRETARIAL AUDIT REPORT

A Secretarial Audit Report given by the Secretarial Auditors for the financial year ended 31<sup>st</sup> March, 2022, 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.

### 37. INDUSTRIAL RELATIONS

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

### 38. COST AUDITORS

Manufacturing unit of the Company at Ahmedabad was closed as per the Order of Supreme Court following the order of High Court, Gujarat. Therefore, there is no requirement to appoint Cost Auditor in terms of the applicable provisions of the Companies Act, 2013, read with the Companies (Cost Records & Audit) Amendment Rules, 2014.

### 39. DEPOSITORY SYSTEMS

The Company's Shares are currently traded in dematerialized form, as per the SEBI directives and the Company has entered in to 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, 2022, 3,25,30,618 Equity Shares are held in dematerialized form and represent 98.48% of the Company's total paid up Capital.

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**40. 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.

**41. 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.

**42. PARTICULARS OF EMPLOYEES**

None of the employees of the Company was in receipt of 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 upto 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.

**43. EXTRACT OF ANNUAL RETURN**

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the Annual Return in prescribed format may be accessed on the Company's website at [www.somatextiles.com](http://www.somatextiles.com).

By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report.

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

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, required to be disclosed pursuant 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.

**45. 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 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 proper defined framework and major risks, are properly and systematically addressed through mitigation actions on continuing basis.

**46. 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 is not applicable to the Company, for the financial year 2021-22 as per the SEBI Notification dated 22<sup>nd</sup> December, 2015 and Frequently Asked Questions issued by SEBI on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 29<sup>th</sup> January, 2016.

**47. CAUTIONARY STATEMENT**

Statements in the Board's Report and the Management Discussion & Analysis describing 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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### 48. 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;

### 49. 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: 13<sup>th</sup> May, 2022

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

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**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 conservation of energy: Nil
- (ii) The steps taken by the company for 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: Nil

**(C) FOREIGN EXCHANGE EARNING & OUTGO**

Used ₹ Nil (Previous Year ₹ Nil), Earned Rs Nil (Previous Year Nil).

On behalf of the Board

Place: Ahmedabad  
Date: 13<sup>th</sup> May, 2022

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

**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:

Sl. No.	Particulars	2021-22	2020-21	Changes in %	Reason for Significant change, if any
1	Debtors Turnover	67.03	64.08	4.60%	Due to the direction of the Gujarat High Court Dt. 23 <sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the company and the decision of the High Court was upheld by Hon'ble Supreme Court of India. Hence, the operations of the company are closed with effective from 26 <sup>th</sup> November, 2021
2	Inventory Turnover	8.95	4.29	108.62%	
3	Interest Coverage Ratio	(0.46)	(0.47)	-2.13%	
4	Current Ratio	0.36	0.38	-5.26%	
5	Debt Equity Ratio	4.56	4.62	-1.30%	
6	Operating Profit Margin (%)	(46.99)	(52.46)	-10.43%	
7	Net Profit Margin (%)	(118.00)	(171.78)	-31.31%	
8	Return on Net Worth	(65.63)	(42.12)	55.82%	

**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 31<sup>st</sup> March, 2022

[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

I 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 my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the **M/s. Soma Textiles & Industries Limited** digitally, and also the information provided by the Company, its officers, agents and authorised representatives, I hereby report that in my opinion the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2022 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2022 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 thereunder;
- 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 Obligations 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 31-03-2022, as the Company did not carry any activities under the said Regulations: -**

- (a) SEBI (Share based Employee Benefits and sweat equity) Regulations, 2021;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment) Regulations, 2021;
  - (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;
- VI. The following Industry specific laws:
  - (a) Textiles (Development & Regulation) Order 2001.
  - (b) Textiles Committee Act 1963

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- (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.

I 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.

- (a) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following contravention of LODR regulation and SEBI Act:
  - 1. The Company has received notice from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), regarding contravention and non-compliance/delayed compliance of Regulations 23(9) of SEBI (LODR) regulation 2015 relating to disclosure of related party transactions beyond statutory time limit and circulars/guidelines issued thereunder during the above financial year 2021-22 and paid requisite fine. Subsequently, the Company made requests to both the stock exchanges i.e. NSE & BSE, for waiver of said fines and the said requests was approved by both the stock exchanges vide NSE letter Ref. No. NSE/LIST/SOP/SOMATEX dated May 20, 2021 and BSE email dated July 20, 2021.
  - 2. The Company violate the provisions of section 12A (a), (b) & (c) of SEBI Act 1992 read with Regulations 3(a), (b), (c) and (d) and 4(1) of PFUTP Regulations 2003 in respect of issue of Global Depository Receipts (GDR) of 17.2975 million US Dollar on 20/10/2006. The Company has been restrained from accessing the securities market or otherwise dealing in securities and Mutual fund for a period of three years from the date of the notified order of SEBI and Mr. S K Somany and Mr. A K Somany promoters of the Company have been restrained from accessing the securities market or otherwise dealing in securities and Mutual fund for a period of two years from the date of the notified order of SEBI. The Company has made an Appeal in Securities Appellate Tribunal (SAT) against the said Order of SEBI as stated by management.

### **I 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, where ever applicable during the year 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 recorded as part of the Minutes.

I 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.

I 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 PRAVIN KUMAR DROLIA**  
(Company Secretary in whole time practice)

**(Pravin Kumar Drolia)**

Place : Kolkata  
Date : 13<sup>th</sup> May, 2022  
UDIN : F002366D000329759

Proprietor  
C.P.No.:1362, FCS: 2366  
Peer review no: 1928/2022

**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**

**CS PRAVIN KUMAR DROLIA**

(Company Secretary In Whole Time Practice)

Block D, 2<sup>nd</sup> Floor, 13, Selimpur Road, Kolkata - 700031  
Mobile: 09831196869; Email: [droliapravin12@gmail.com](mailto:droliapravin12@gmail.com)

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

My 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. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I 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. My 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 PRAVIN KUMAR DROLIA**  
(Company Secretary in whole time practice)

**(Pravin Kumar Drolia)**

Place : Kolkata  
Date : 13<sup>th</sup> May, 2022  
UDIN : F002366D000329759

Proprietor  
C.P.No.:1362, FCS: 2366  
Peer review no: 1928/2022

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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	31.03.2022
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	(5.29) 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/-

**S. K. Somany**  
Chairman

Sd/-

**A. K. Somany**  
Managing Director

Sd/-

**Shrikant Bhat**  
Chief Financial Officer (CFO)

Sd/-

**A. K. Mishra**  
Company Secretary

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. INDUSTRY STRUCTURE AND DEVELOPMENT:**

Due to the direction of the Gujarat High Court Dt. 23<sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the company. Hence, the operations of the company are closed with effect from 26<sup>th</sup> November, 2021 due to commercial unviability. The company has not carried on any new business during the year under review.

### **2. OPPORTUNITIES AND THREATS:**

As the operation of the company had been stopped, the management of the company is also evaluating various options including starting new line of business and shall inform shareholders regarding the same as and when a decision is arrived at. Considering the present condition of the Company, there is no threats to company.

The Company had discontinued its operation and Net-worth for the period under review was negative.

### **3. INTERNAL CONTROL SYSTEMS:**

The Company has an adequate internal control system commensurate with the size of the Company.

### **4. HUMAN RESOURCES:**

Employee relations continued to be cordial. Further during the year, the Company reached a compensation settlement with majority of the permanent employees of the Company through a Voluntary Retirement Scheme. The Company recognizes the key role played by the people and we would like to thank each and every member of the Soma Textiles family for their role and contribution towards the company over the years.

### **5. 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 31<sup>st</sup> March, 2022.

### 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 31<sup>st</sup> March, 2022 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 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. Jamshri Reality Limited (Non-Executive Independent). 2. Simplex Reality 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 Listing Regulations.

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.

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### (b) Board Meetings and Annual General Meeting:

During the financial year 2021-22, Five (5) Board Meetings were held on 11<sup>th</sup> May, 2021, 14<sup>th</sup> June, 2021, 14<sup>th</sup> August, 2021, 12<sup>th</sup> November, 2021 and 15<sup>th</sup> February, 2022. The last 83<sup>rd</sup> Annual General Meeting held on 10<sup>th</sup> September, 2021. 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	Yes
Shri S. B. Bhat	3	No
Shri B. K. Hurkat	5	Yes
Shri M. H. Shah	5	Yes
Mrs. N. Singh	3	Yes

### (c) Details of shares and convertible instruments held by Non-Executive Directors as on 31<sup>st</sup> March, 2022:

As on 31<sup>st</sup> March, 2022, 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 31<sup>st</sup> March, 2022.

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](http://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](http://www.somatextiles.com). A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

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

Shri S. B. Bhat (DIN: 00650380), Director of the Company retires by rotation at the ensuing 84<sup>th</sup> 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 84<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 31<sup>st</sup> August, 2022.

## 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.somatexiles.com/soma-pdfs/Policies/Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](http://www.somatexiles.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.

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 31<sup>st</sup> March, 2022, 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 25<sup>th</sup> 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 31<sup>st</sup> March, 2022, the Audit Committee consisted of Four(4) 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 and Internal Auditors are also invited to the Committee Meetings. The Chairman of the Audit Committee was attended the 83<sup>rd</sup> AGM held on 10<sup>th</sup> September, 2021 to answer shareholders queries. Mrs. Reena Prasad, Company Secretary, acts as Secretary to the Committee.

#### c) Meetings

During the financial year 2021-22, four (4) Audit Committee meetings were held on 14<sup>th</sup> June, 2021, 14<sup>th</sup> August, 2021, 12<sup>th</sup> November, 2021, 15<sup>th</sup> February, 2022. 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	2
Shri B. K. Hurkat	Non-Executive Independent Director	Chairman	4
Shri M. H. Shah	Non-Executive Independent Director	Member	4
Mrs. N. Singh	Non-Executive Independent Director	Member	2

## B) NOMINATION AND REMUNERATION

The Board of Directors of the Company had, at its meeting held on 31<sup>st</sup> January, 2002, constituted the Remuneration Committee and further at its meeting held on 14<sup>th</sup> 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 -

- Formulate criteria for determining qualifications, positive attributes and independence of Directors and evaluating the performance of the Board of Directors.
- 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.
- Support Board in evaluation of performance of all the Directors & in annual self-assessment of the Board's overall performance.
- Conduct Annual performance review of MD and CEO and Senior Management Employees;
- Administration of Employee Stock Option Scheme (ESOS);
- Formulate a policy relating to remuneration for the Directors, Committee and also the Senior Management Employees.
- 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 31<sup>st</sup> March 2022, 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 & Promotor Director of the Company. Mrs. Reena Prasad, Company Secretary, acts as Secretary to the Committee. During the year under review Two (2) Nomination and Remuneration Committee Meeting were held on 14<sup>th</sup> June, 2021 and 12<sup>th</sup> November, 2021 to review and recommend annual increments to the Whole-time Directors and appointment of Shri S. B. Bhat as a Chief Financial Officer (CFO) of the Company, in addition to his designation of Whole Time Director of the company. All the members attended the said Meeting.

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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	2
Shri M. H. Shah	Non-Executive Director – Independent	Member	2
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](http://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	5,319,000	-	587,880	-	5,906,880
Shri Shrikant Bhat	2,595,384	756,887	269,484	-	3,621,755
Shri B. K. Hurkat	-	-	-	12,500	12,500
Shri M. H. Shah	-	-	-	12,500	12,500
Mrs. N. Singh	-	-	-	5,000	5,000

Besides the above, no other pecuniary relationship or transactions vis-a-vis the Company exists with the Non-Executive Directors. Shri A. K. Somany, 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 commenced from 22<sup>nd</sup> 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 commenced from 18<sup>th</sup> January, 2022. The service of Shri Shrikant Bhat may be terminated by giving 2(Two) months notice or alternatively 2(Two) months' salary in lieu of such notice period. No stock option was issued to Shri Bhat.

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

**C) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board of Directors of the Company had, at its meeting held on 28<sup>th</sup> June, 2001, constituted the Shareholders'/ Investors' Grievance Committee, in terms of Regulation 20 of the Listing Regulations and had at its meeting held on 14<sup>th</sup> 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

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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 31.03.2022, 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 30<sup>th</sup> June, 2021, 30<sup>th</sup> September, 2021, 31<sup>st</sup> December, 2021 and 31<sup>st</sup> March, 2022. 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	4

The Company has designated the E-mail ID: [investors@somatextiles.com](mailto: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](http://www.somatextiles.com)

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 27<sup>th</sup> May, 1999. The Board has delegated the powers of share transfer, transmission and transposition to the Committee comprising of Executive and Non-executive Directors. The Committee attends the share transfer formalities once a month. The business transacted at the meeting is placed before the Board regularly.

### a) Terms of reference

Terms of Reference of the Committee are as per the guidelines set out in the Listing 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 31<sup>st</sup> March, 2022 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	4

There were no valid share transfers pending for registration for more than 15 days as on 31<sup>st</sup> March, 2022.

**E) SEPARATE MEETING OF INDEPENDENT DIRECTORS**

During the year under review, the Independent Directors met on Tuesday, 15<sup>th</sup> February, 2022, 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.

**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](http://www.somatextiles.com/soma-pdfs/Policies/Related_Party_Transactions_Policy.pdf).

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## 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
2020-21	83 <sup>rd</sup>	10.09.2021	2.00 P.M.	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").
2019-20	82 <sup>nd</sup>	15.09.2020	3:00 P.M.	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").
2018-19	81 <sup>st</sup>	02.09.2019	3:00 P.M.	Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.

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

In the AGM held on	Subject matter of the resolution
10 <sup>th</sup> September, 2021	a) Re-appointment of Shri Shrikant Bhat as a Whole-time Director for Three (3) years from 18 <sup>th</sup> January, 2022 b) Ratify the remuneration of the Cost Auditors for the Year ending 31 <sup>st</sup> March, 2022.
15 <sup>th</sup> September, 2020	None of the Special Resolution passed at the AGM.
2 <sup>nd</sup> September, 2019	c) Continuation of Directorship of Shri S. K. Somany d) Continuation of Directorship of Shri B. K. Hurkat e) Appointment of Shri B. K. Hurkat, as Independent Director f) Appointment of Shri M. H. Shah, as an Independent Director g) Appointment of Mrs. N. Singh, as an Independent Director h) Re-appointment of Shri A. K. Somany, as Managing Director, for Three (3) years from 22 <sup>nd</sup> January, 2020.

### B. Extra-Ordinary General Meeting – NIL

### C. Special Resolution(s) passed through Postal Ballot –

During the financial year 2021-2022, the Company passed the following Special Resolution by Postal Ballot:

Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of votes	%	No. of votes	%	
To Authorize and approve investment by way of acquisition/purchase of non-agricultural lands, factory, shops, godowns, residential apartments/buildings, guest house, offices, establishments or any other immovable property located in or around Gujarat, for the purpose of Commercial/Other Corporate Objectives, in the name of Company.	2,16,42,990	100.00	41	0.00	17 <sup>th</sup> June, 2021

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](http://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 31<sup>st</sup> March, 2022.

**(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 under review, Company has received notice from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), regarding contravention and non-compliance/delayed compliance of Regulations 23(9) of SEBI (LODR) regulation 2015 relating to disclosure of related party transactions beyond statutory time limit and circulars/ guidelines issued thereunder during the above financial year 2021-22 and paid requisite fine. Subsequently, the Company made requests to both the stock exchanges i.e. NSE & BSE, for waiver of said fines and the said requests was approved by both the stock exchanges vide NSE letter Ref. No. NSE/LIST/SOP/SOMATEX dated May 20, 2021 and BSE email dated July 20, 2021.

**(iii) Whistle Blower Policy**

The Board on 14<sup>th</sup> 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

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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.somatexiles.com/soma-pdfs/Policies/Risk\\_Management\\_Policy.pdf](http://www.somatexiles.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 2021-22, 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 31<sup>st</sup> March, 2022

**(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 <a href="http://www.somatexiles.com">www.somatexiles.com</a> 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 84<sup>th</sup> Annual General Meeting is proposed to be held on Wednesday, the 31<sup>st</sup> August, 2022 at 3:30 P.M. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

### (ii) Financial Year : 2022-2023 (1<sup>st</sup> April to 31<sup>st</sup> March)

First Quarterly results	Within 45 days of end of June quarter 2022
Second Quarterly Results	Within 45 days of end of September quarter 2022
Third Quarterly Results	Within 45 days of end of December quarter 2022
Audited Financial Results for the year ending 31.03.2023	Within 60 days of end of Financial Year March, 2023

### (iii) Date of Book Closure:

Saturday, the 20<sup>th</sup> August, 2022 to Wednesday, the 31<sup>st</sup> August, 2022 (both days inclusive).

### (iv) Dividend Payment Date:

No dividend has been declared by the Company for the financial year 2021-22.

### (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 2021-22.

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

(iii) The Company vide its application dated 31<sup>st</sup> March, 2021 applied for Voluntary Delisting of its Equity Shares from BSE Limited in terms of Regulation 6 (a) and Regulation 7 of SEBI (Delisting of Equity Shares) Regulations, 2009. However, confirmation/ approval for the same, from BSE Limited is awaited.

### (vi) Stock Code

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

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

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

Months	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2021	6.75	4.55	6.70	4.68
May 2021	6.70	5.10	6.69	5.10
June 2021	9.45	5.35	9.21	5.41
July 2021	8.65	6.45	8.66	6.35
August 2021	8.75	5.70	8.97	6.00
September 2021	9.80	7.70	9.84	7.71
October 2021	8.60	6.60	8.57	6.53
November 2021	13.75	6.60	14.17	6.80
December 2021	11.85	10.25	12.03	10.32
January 2022	9.75	6.40	9.81	6.21
February 2022	9.35	5.50	9.74	5.95
March 2022	10.75	7.05	10.75	7.00

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

Months	BSE		BSE INDEX	
	High (₹)	Low (₹)	High	Low
April 2021	6.70	4.68	50,375.77	47,204.50
May 2021	6.69	5.10	52,013.22	48,028.07
June 2021	9.21	5.41	53,126.73	51,450.58
July 2021	8.66	6.35	53,290.81	51,802.73
August 2021	8.97	6.00	57,625.26	52,804.08
September 2021	9.84	7.71	60,412.32	57,263.90
October 2021	8.57	6.53	62,245.43	58,551.14
November 2021	14.17	6.80	61,036.56	56,382.93
December 2021	12.03	10.32	59,203.37	55,132.68
January 2022	9.81	6.21	61,475.15	56,409.63
February 2022	9.74	5.95	59,618.51	54,383.20
March 2022	10.75	7.00	58,890.92	52,260.82

**(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: 5<sup>th</sup> 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 31<sup>st</sup> March, 2022 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	11703	80.5714	1882279	5.6982
501	1000	1343	9.2461	1188533	3.5980
1001	2000	646	4.4475	1048097	3.1729
2001	3000	254	1.7487	674829	2.0429
3001	4000	118	0.8124	431523	1.3063
4001	5000	143	0.9845	688607	2.0846
5001	10000	181	1.2461	1415051	4.2837
10001	Above	137	0.9432	25704081	77.8133
<b>Total</b>		<b>14525</b>	<b>100.00</b>	<b>33033000</b>	<b>100.00</b>

**(b) Distribution of shareholding by ownership:**

Category	No. of shares held	% shares holding
Promoters	21035017	63.67
Resident Individuals	9878157	29.90
Private Corporate Bodies	1234828	3.75
Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds	12344	0.04
OCBs and NRIs	78119	0.24
Foreign Institutional Investors	400	0.0
Others (Clearing Members, Trusts & HUF)	794135	2.40
<b>Total</b>	<b>3,30,33,000</b>	<b>100.00</b>

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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 31<sup>st</sup> March, 2022, 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](mailto:investors@somatextiles.com)

For and on behalf of the Board of Directors

Place : Ahmedabad

Date : 13<sup>th</sup> May, 2022

**(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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s Soma Textiles & Industries Limited (CIN: L51909WB1940PLC010070)** having registered office at 2, Red Cross Place, Kolkata–700001 (herein referred to as ‘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 my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in), as considered necessary and explanations furnished to me by the Company and its officers digitally, I here by certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March 2022 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	11/02/2015

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

**FOR PRAVIN KUMR DROLIA**  
(Company Secretary in whole time practice)

**(Pravin Kumar Drolia)**  
Proprietor  
FCS: 2366  
C.P.No.: 1362  
UDIN: F002366D000329803

Place: Kolkata  
Date: 13<sup>th</sup> May, 2022

### 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 31<sup>st</sup> March, 2022.

Place: Ahmedabad  
Date: 17<sup>th</sup> April, 2022

**(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 Limited, for the year ended on 31<sup>st</sup> March 2022, 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 : 13<sup>th</sup> May, 2022

M. No.: 038521, F.R.N.: 107200W  
UDIN: 22038521AIXLFS9860

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SOMA TEXTILES & INDUSTRIES LIMITED

#### Report on the Audit of Standalone Ind AS Financial Statements

##### Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **SOMA TEXTILES & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, 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 on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Ind AS Financial Statements").

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 read with the companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2022, 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 of the Standalone Ind AS Financial Statements 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS Financial Statements.

##### Material Uncertainty Related to Going Concern

We draw attention to **Note No. 43** of the Standalone Financial Statements, due to the direction of the Gujarat High Court Dt. 23<sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the Company. Hence, the operations of the Company are closed with effective from 26<sup>th</sup> November, 2021 and the Company has incurred loss of ₹ 1643.21 lakhs during the year ended 31<sup>st</sup> March, 2022 and as of date negative net worth of the Company stood at ₹ 8571.75 lakhs. In the opinion of the management, company's assets including cash & bank balance are sufficient to meet the liabilities of the company. Management of the Company is also evaluating various options including starting new line of business. These conditions, along with other matter as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. The promoters of the Company have assured to give financial support to the Company for the foreseeable future which may be required by the Company. The management has assessed that the Company continuous to be going concern.

Our opinion is not modified in respect of the above said matter.

##### Emphasis of Matter

We draw your attention to:

- a) We draw attention to **Note No. 47** of Standalone Ind AS Financial Statements, regarding Parliament approval and Presidential assent on The Code on Social Security, 2020('Code') relating to employee benefits during employment and post - employment benefits, which can affect the employment benefit cost of the Company in future. However, the date on which the Code will come into effect has not been notified.

- b) We draw attention to **Note No. 30** of Standalone Ind AS Financial Statements wherein Exceptional items for the year ended 31<sup>st</sup> March, 2022 represent following components.

Sr. No.	Particulars	Year Ended 31.03.2022 (₹ In lakhs)	Remarks, if any
1.	Foreign Exchange Fluctuation	264.82	-
2.	Provision for Obsolete Inventory	(79.16)	Fair Value Assessment as per Ind As 113
3.	Provision for diminution in value of Investment	(34.21)	Fair Value Assessment as per Ind As 109
4.	Net Balance Written off for Receivables and Payables	51.92	Fair Value Assessment as per Ind As 109
	<b>Total</b>	<b>203.37</b>	

- c) The Company had advanced a loan to its associate company 'Soma Textiles FZC' (UAE) out of GDR proceeds\*, classified as Non-Current Loan. The Closing Balance of the same Loan is ₹ 6882.90/- lakhs (Previous year ₹ 7195.68/- lakhs). 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 31<sup>st</sup> March, 2010, the Company's holding in this company has diluted from 100% to 40%. In the audited financial statement of Soma Textiles FZC ended as at 31<sup>st</sup> March, 2022 the accumulated loss reflects at AED 8,03,800 as against the total capital of AED 9,00,000 (including statutory reserves).

*\*SEBI has barred Soma Textiles & Industries Ltd, SK Somany, AK Somany, P Bandopadhyay, Prafull Anubhai, Sunil Patel and Whiteview Trading Corporation for indulging in fraudulent trading activities with respect to GDR issuance by Soma Textiles & Industries Ltd vide order WTM/AB/IVD/10343/2020-21 dated 08.02.2021. An investigation was conducted by SEBI with respect to the GDR (Global Depository Receipt) issuance by the Company during October, 2006. The Company, Promoter Directors, Executive Director and others preferred an appeal against the order of SEBI before the Security Appellate Tribunal (SAT) and the matter is kept for hearing on 30-05-2022, and therefore the matter is sub judice*

- d) We draw your attention to the fact that liabilities due to Invent Assets Securitisation & Reconstruction Pvt. Ltd. (Invent ARC) are subject to test of fair valuation, as there was stipulation in agreement, between the Company and Invent Assets Securitisation & Reconstruction Pvt. Ltd., that any default in instalment will cause the arrangement settlement to be withdrawn and all the liabilities as per original terms of contract shall be restored. Considering the same, the Company had continued the entire exposure at the time of restructuring less payment already made to Invent ARC. Company had accounted for the interest on the borrowings as appearing in the accompanying Standalone Ind AS Financial Statements amounting to ₹ 1811.83 lakhs of the Company for the year ended 31<sup>st</sup> March, 2022. We have relied upon internal working done by management of company. As per management assessment. The differential portion of borrowing will be accounted as income (remission of bank liability) in the financial year in which the Company will make full and final payment towards the restricting plan to Invent ARC.
- e) We draw your attention to the fact that Asset Held for Sale represents a part of net block of Plant and Machinery only, the carrying amount of the same is ₹ 42.84 Lakhs as on 31<sup>st</sup> March, 2022. Management is quite confident that the same will be sold within one year.

Our opinion is not modified in respect of the above 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.

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We have determined following key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p><b>Discontinued Operation</b></p> <p>According to Directions of Gujarat High Court dated 23<sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the Company.</p> <p>Hence, the operations of the Company are permanently closed and it has to do accounting as per Ind AS 105 'Non-current Assets Held for Sale and Non-current Assets Held for Sale and Discontinued Operations'.</p>	<p>The following audit procedures were applied:</p> <p>A. Obtaining and Verifying the relevant orders and correspondence, between the Company and Government, those led to stop the operations of Company.</p> <p>B. Verifying that company has tested all the Assets and Liabilities for fair valuation except liabilities due to Invent Assets Securitisation &amp; Reconstruction Pvt. Ltd.(Refer Para D of Emphasis of Matter)</p> <p>C. Observing Procedure and methods followed by Company to determine Fair Value of Assets and Liabilities.</p> <p>D. Verifying the base documents of Financial Assets and Liabilities.</p> <p>E. Assessing the appropriateness and correctness of the entries in the books of account and disclosure requirements in Standalone Ind AS Financial Statements.</p>

### Information other than the Standalone Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report, but does not include the Consolidated Ind As Financial Statements, 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 and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (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 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 the 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 is free from material misstatement, whether due to fraud or error. The Standalone Ind AS Financial Statements are the responsibility of the Company's Management. The accompanying Standalone Ind AS Financial Statements pertain to the period where the Board of Directors holds the responsibility for the financial transactions and to whom any significant exceptions/ adjustments in the statements are solely attributable under the review period. The Audited Standalone Ind AS Financial Statements for the year ended 31<sup>st</sup> March, 2022 have been prepared by the Management of the Company and have been approved by the Company's Board of Directors.

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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 financial 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 expressing 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.

Materiality is the magnitude of misstatements in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS Financial Statements.

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.

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## Other Matters

Company has filed application for voluntary delisting its share in terms of Regulation 6(a) and Regulation 7 of SEBI (Delisting of Equity Shares) Regulations, 2009, however approval is pending on the BSE's part. Further, the Equity Shares of the Company will continue to be listed on National Stock Exchange of India Limited.

## 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 31<sup>st</sup> March, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup> March, 2022 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) With respect to the other matters to be included in the Auditor's Report accordance with the requirements of section 197(16) of the Act, as amended:

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.
  - 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 40);
    - 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.
    - iv.
      - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other

persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. There was no proposal of Dividend (Interim or Final) during the Current Financial year as well as during the previous Financial Year.
- 2. As required by the Companies (Auditor's Report) Order, 2020 ("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  
M.No.: 038521  
UDIN:22038521AIXMIO2845

Date:13<sup>th</sup> May, 2022  
Place: Ahmedabad

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## **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 31<sup>ST</sup> MARCH, 2022**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Soma Textiles & Industries Limited of even date)

### **ANNEXURE A**

#### **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 31<sup>st</sup> March, 2022, 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 (the “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 Standalone Ind AS 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 Standalone Ind AS Financial Statements for 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 records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of The Company; (2) provide reasonable assurance that transactions recorded as necessary to permit preparation of Standalone Ind AS 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 Standalone Ind AS 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 31<sup>st</sup> March, 2022, 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  
M.No.: 038521  
UDIN:22038521AIXMIO2845

Date:13<sup>th</sup> May, 2022  
Place: Ahmedabad

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## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SOMA TEXTILES & INDUSTRIES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Soma Textiles & Industries Limited of even date)

### ANNEXURE B

**Based on the audit procedures performed for the purpose of reporting a true and fair view on the Standalone Ind AS 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:**

**i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:**

- a)
    - The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
    - The Company has maintained proper records showing full particulars of intangible assets.
  - 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 which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance of which certain property, plant and equipment were verified by management during the year and no material discrepancies were noticed on such verification.
  - c) The title deeds of immovable properties (other than properties where the company is the lessee and the leave agreements are duly executed in favor of the lessee) other than self-constructed immovable property (buildings) for which company has necessary permission of such construction from authorities, as disclosed in fixed assets to the financial statements, are held in the name of the Company.
  - d) According to information and explanation given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
  - e) According to information and explanation given to us, no proceedings have been initiated during the year or are pending against the company as at 31<sup>st</sup> March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. a) 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.
- b) During any point of time of the year, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. a) The Company has made investments in companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties in respect of which:

Name of Borrower : Soma Textiles FZC	
Nature of Loan Granted : Unsecured Loan	
Rate of Interest : NIL (Interest Free Loan)	
Particulars	Amount (₹)
Amount outstanding as on 01.04.2021	71,95,68,271
Interest Income During the year*	2,42,11,311
Amount granted During the year	NIL
Amount received during the year	8,19,71,616.58
Foreign Exchange Gain	2,64,82,497.58
Amount Outstanding As on 31.03.2022	68,82,90,462.97
* Interest Income During the year is "Interest Income recognized by the company while carrying Loans and Advances to Amortized Cost as per requirement of Ind As –109 'Financial Instruments' ". There is no Actual receipt of Interest.	

- b) There are no terms and conditions set out by the company as on date for the loan provided to Soma Textile FZC. Investments made by company are not prejudicial to the company's interest.
- c) As there is no stipulation of repayment of loan by the Associate, we are unable to report on regularity of receipt or repayment of principal.
- d) 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.
- e) No loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- f) Company has granted following loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

Name of Borrower : Soma Textiles FZC Nature of relation : Associate Company		
Sr. No.	Particulars	Amount
1.	Aggregate amount outstanding for loan granted to Soma Textiles FZC as on 31.03.2022	68,82,90,462.97
2.	Aggregate amount outstanding for total loans granted as on 31.03.2022	68,82,90,462.97
3.	Percentage of aggregate amount outstanding for loan granted to Soma Textiles FZC as on 31.03.2022 to the aggregate amount outstanding for total loans granted as on 31.03.2022.	100 %

- iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans granted, investments made, guarantees and securities provided, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits (or amount which are deemed to be deposits) from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
- vi. 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.
- vii. In respect of statutory dues:
- 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 31<sup>st</sup> March, 2022 for a period of more than six months from the date they became payable.
- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31<sup>st</sup> March, 2022 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount involved (₹ In lakhs)	Amount paid/ Adjusted	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	24.85	-	2002-03	The Dy. Commissioner of C. Excise, Div-III, Ahmedabad
		1.59	-	2004-05	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.
		0.98	-	2005-06	The Commissioner of C. Excise, (Appeals) Ahmedabad
		5.81	-	2012-13	CESTAT, West Zone Ahmedabad (Appeal)

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Name of the Statute	Nature of Dues	Amount involved (₹ In lakhs)	Amount paid/ Adjusted	Period to which the amount relates	Forum where dispute is pending
Gujarat sales tax Act	Sales Tax (VAT)	6.17	-	1997-98, 1998-99, 2000-01	Gujarat Value Added Tax Tribunal.
		21.66	-	2006-07	Gujarat Value Added Tax Tribunal.
Income Tax Act	Income Tax	143.25	143.25	2008-09	Commissioner of Income Tax (Appeal)
		1.00	1.00	2008-09	Commissioner of Income Tax (Appeal)
		29.07	29.07	2008-09	Commissioner of Income Tax (Appeal)
		138.91	78.47	2009-10	Commissioner of Income Tax (Appeal)
		391.25	-	2010-11	Commissioner of Income Tax (Appeal)
		111.21	-	2011-12	Commissioner of Income Tax (Appeal)
		26.57	-	2013-14	Commissioner of Income Tax (Appeal)
		24.28		2018-19	Commissioner of Income Tax (Appeal)
Employees Provident Fund	P.F	140.11	26.23	09/2012 to 02/2017	ASST. PF Commissioner Ahmedabad.

- viii. As per our audit procedure performed and information and explanation given to us there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. a) 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 other borrowings or in the payment of interest thereon to any lender during the year.
- b) The company is not declared wilful defaulter by any bank or financial institution or other lender.
- c) According to the information and explanations given to us and on the basis of the books and records examined by us, the company has not taken any term loan during the year. Outstanding term loan at the beginning of the year were applied for the purpose for which the loans were obtained.
- d) According to the information and explanations given to us and on the basis of the books and records examined by us, the company has not raised funds on short-term basis during the year and there were no amount outstanding of short term loan at the beginning of the year. Hence reporting under clause 3(ix)(d) of the order is not applicable.
- e) The company has not raised loans during the year on the pledge of securities held in associate companies.
- x. a) 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 and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.

- xi. a) 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.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- c) According to information and explanation given to us. No whistle-blower complaint was received by the company during the year.
- xii. The Company is not a Nidhi Company. hence reporting under clause (xii) of the Order is not applicable.
- xiii. 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.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. 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.
- xvi. a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The company has incurred cash losses of ₹ 77.63 lakhs and ₹ 470.66 lakhs in current financial year and immediately preceding financial year respectively.
- xviii. There has been no resignation of statutory auditors during the year.
- xix. The Company has incurred loss of ₹ 1643.21 lakhs during the year ended 31<sup>st</sup> March, 2022 and as of date negative net worth of the Company stood at ₹ 8571.75 lakhs. However management of the company, on the basis of the fair value of assets and expected dates of realization of financial assets and payment of financial liabilities, expects that company's assets are sufficient to meet its liabilities and based on our knowledge of the Board of Directors and Management plans and our examination of the evidence supporting the assumptions and explanations of management, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. As per section 135 of the Companies Act, 2013, the company has not been required to make contribution in CSR Activities. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- xxi. There has been no qualification or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the Consolidated Ind As Financial Statements.

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

**ASHOK KUMAR JAIN**  
**PARTNER**

Date: 13<sup>th</sup> May, 2022  
 Place: Ahmedabad

M.No.: 038521  
 UDIN: 22038521AIXMIO2845

# ANNUAL REPORT 2021-22

## Standalone Balance Sheet as at 31<sup>st</sup> March, 2022

		(₹ in lakhs)	
Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipments	3	1,102.79	1,675.46
(b) Intangible assets	4	7.68	7.79
(c) Financial assets			
(i) Investments	5	144.63	160.69
(ii) Loan	6	6,882.90	7,195.68
(iii) Other financial assets	7	224.28	165.96
(d) Deferred tax assets (net)	8	1,413.98	1,474.08
(e) Income tax assets (net)	9	365.76	380.18
<b>Total non-current assets</b>		<b>10,142.02</b>	<b>11,059.84</b>
<b>2 Current assets</b>			
(a) Inventories	10	26.00	286.13
(b) Financial assets			
(i) Investments	11	39.46	32.79
(ii) Trade receivables	12	7.71	33.95
(iii) Cash and cash equivalents	13(a)	4,276.76	296.99
(iv) Bank balance other than (iii) above	13(b)	135.40	2,452.18
(v) Other financial assets	14	7.28	30.20
(c) Other current assets	15	474.77	1,064.36
(d) Assets classified as held for sale		42.84	106.59
<b>Total current assets</b>		<b>5,010.23</b>	<b>4,303.19</b>
<b>Total Assets</b>		<b>15,152.25</b>	<b>15,363.04</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	3,322.75	3,322.75
(b) Other equity	17	(11,894.50)	(10,251.29)
<b>Total equity</b>		<b>(8,571.75)</b>	<b>(6,928.54)</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	9,662.49	10,767.68
(b) Long-term provisions	19	19.80	57.88
<b>Total non-current liabilities</b>		<b>9,682.30</b>	<b>10,825.56</b>
<b>2 Current liabilities</b>			
(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		43.70	169.80
(b) Other current liabilities	21	13,974.43	11,253.03
(c) Short-term provisions	22	23.58	43.19
<b>Total current liabilities</b>		<b>14,041.70</b>	<b>11,466.02</b>
<b>Total liabilities</b>		<b>23,724.00</b>	<b>22,291.58</b>
<b>Total equity and liabilities</b>		<b>15,152.25</b>	<b>15,363.04</b>

The accompanying notes 1 to 49 are an integral part of these standalone 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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary


**Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022**

		(₹ in lakhs)	
Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
I. Revenue	23	1,455.19	1,282.52
II. Other income	24	252.31	132.46
III. <b>Total Income (I+II)</b>		<b>1,707.50</b>	1,414.98
IV. <b>Expenses:</b>			
Cost of materials consumed	25	525.07	446.59
Changes in inventories of finished goods and work-in-progress	26	155.12	7.34
Employee benefits expense	27	357.46	428.34
Finance costs	28	1,440.02	1,389.65
Depreciation	3 & 4	87.81	128.91
Other expenses	29	891.38	927.98
<b>Total expenses</b>		<b>3,456.84</b>	3,328.81
V. <b>Profit/(Loss) before Exceptional Item and Tax</b>		<b>(1,749.34)</b>	(1,913.83)
VI. Exceptional items	30	203.37	(337.54)
VII. <b>Profit/(Loss) before tax</b>		<b>(1,545.98)</b>	(2,251.36)
VIII. Tax expense:			
Deferred tax		(60.10)	102.80
Tax in respect of earlier years		(41.47)	-
IX. <b>Profit/(Loss) for the period</b>		<b>(1,647.54)</b>	(2,148.56)
<b>Other Comprehensive Income</b>			
A. Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:		4.34	(7.08)
Re-measurement gains/(losses) on defined benefit plans			
<b>Total other comprehensive income for the year</b>		<b>4.34</b>	(7.08)
<b>Total comprehensive income for the year</b>		<b>(1,643.21)</b>	(2,155.65)
X. <b>Earnings per equity share:</b>	41		
(1) Basic		(4.97)	(6.53)
(2) Diluted		(4.97)	(6.53)

The accompanying notes 1 to 49 are an integral part of these standalone 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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

# ANNUAL REPORT 2021-22

## Standalone Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2022

		(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
<b>A Cash flow from operating activities</b>			
Profit/(Loss) before exceptional items & tax	(1,749.34)		(1,913.82)
Adjustment for:			
- Depreciation	87.81		128.91
- Profit on Sale of Current Investments	-		(38.74)
- (Profit) / loss on sale of fixed assets (net)	(139.34)		0.02
- Interest (Net)	1,440.02		1,389.65
- Other comprehensive income	4.34		(7.08)
	<u>1,392.82</u>		<u>1,472.75</u>
Operating profit/(Loss) before working capital changes	(356.52)		(441.07)
Adjustment for :			
- Trade receivables	26.24		(28.86)
- Other receivables	3,369.28		584.56
- Inventories	260.13		10.58
- Trade payables	(151.43)		(393.34)
	<u>3,504.22</u>		<u>172.94</u>
Cash generated from operations	3,147.70		(268.14)
- Direct Taxes paid	(41.47)		-
	<u>(41.47)</u>		<u>-</u>
<b>Cash flow before prior period items, exceptional items &amp; extraordinary items</b>	<u>3,106.23</u>		<u>(268.14)</u>
- Exceptional items	203.37		(337.54)
<b>Net Cash flow from operating activities</b>	<u>3,309.60</u>		<u>(605.67)</u>
<b>B Cash flow from investing activities :</b>			
- Purchase of fixed assets	(19.60)		(2.08)
- Sale of fixed assets	643.92		94.15
- Net off Sales & Purchase of Current investments	9.39		71.56
- Interest received	328.09		449.04
<b>Net cash from investing activities</b>	<u>961.80</u>		<u>612.67</u>
<b>C Cash flow from financing activities :</b>			
- Total proceeds from borrowings (net of repayments)	(188.74)		(154.66)
- Interest paid	(102.88)		(74.58)
<b>Net cash from financing activities</b>	<u>(291.62)</u>		<u>(229.24)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>3,979.77</u>		<u>(222.24)</u>
Cash and cash equivalent as on 01.04.2021 (opening balance)	296.99		519.23
Cash and cash equivalent as on 31.03.2022 (closing balance)	<u>4,276.76</u>		<u>296.99</u>
Cash and cash equivalent comprise of:			
a) Balances with banks [Refer note 13a]			
In current accounts	91.05		72.52
In deposit accounts (maturity less than 3 months at inception)	4,185.25		223.63
b) Cash on hand [Refer note 13a]	0.47		0.84
<b>Total</b>	<u>4,276.76</u>		<u>296.99</u>

The accompanying notes 1 to 49 are an integral part of these standalone financial statements

Note: The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

## Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2022

### A. Equity Share Capital

(₹ in lakhs)			
Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	16	3,303.30	3,303.30
Changes in equity share capital due to prior period errors		-	-
<b>Restated balance at the beginning of the year</b>		3,303.30	3,303.30
Changes in equity share capital during the year		-	-
<b>Balance as at the end of the year</b>	16	3,303.30	3,303.30

### B. Other Equity

(₹ in lakhs)						
Particulars	Equity component of compound financial instruments	Reserves and Surplus				Total
		Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	
<b>Balance as at 1<sup>st</sup> April, 2020</b>	<b>774.33</b>	<b>77.57</b>	<b>8,713.65</b>	<b>18.58</b>	<b>(17,679.77)</b>	<b>(8,095.65)</b>
Changes in accounting policy or prior period item	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	774.33	77.57	8,713.65	18.58	(17,679.77)	(8,095.65)
Profit/(loss) for the year	-	-	-	-	(2,148.56)	(2,148.56)
Other Comprehensive Income for the year						
- Remeasurement of net defined benefit plans	-	-	-	-	(7.08)	(7.08)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,155.65)</b>	<b>(2,155.65)</b>
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>774.33</b>	<b>77.57</b>	<b>8,713.65</b>	<b>18.58</b>	<b>(19,835.42)</b>	<b>(10,251.29)</b>
Changes in accounting policy or prior period item	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	774.33	77.57	8,713.65	18.58	(19,835.42)	(10,251.29)
Profit/(loss) for the year	-	-	-	-	(1,647.54)	(1,647.54)
Other Comprehensive Income for the year						
- Remeasurement of net defined benefit plans	-	-	-	-	4.34	4.34
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,643.21)</b>	<b>(1,643.21)</b>
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>774.33</b>	<b>77.57</b>	<b>8,713.65</b>	<b>18.58</b>	<b>(21,478.63)</b>	<b>(11,894.50)</b>

The accompanying notes 1 to 49 are an integral part of these standalone 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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

## 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 21<sup>st</sup> January, 1992. The Company engaged in manufacturing of Textile Fabrics. The address of its registered office is 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.

#### 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 in to 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 13<sup>th</sup> May, 2022.

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.

- 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.
- 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.

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."

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').

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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.

### 2.22 Amendments to Schedule III of the Companies Act, 2013

Ministry of Corporate Affairs (MCA) issued notifications dated 24<sup>th</sup> March, 2021 to amend Schedule III of the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1<sup>st</sup> April, 2021 and applied to the standalone financial statements:

- i. Certain additional disclosures in the standalone Statement of Changes in Equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- ii. Additional disclosure for shareholding of promoters.
- iii. Additional disclosure for ageing schedule of trade receivables & trade payables.
- iv. Specific disclosure such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in the name of the Company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties etc.
- v. Additional disclosures relating to Corporate Social Responsibility (CSR) and undisclosed income.

### 2.23 Recent Accounting Developments:

Ministry of Corporate Affairs (MCA), vide notification dated 23<sup>rd</sup> March, 2022, has made the following amendments to Ind AS which are effective 1<sup>st</sup> April, 2022:

- i. Ind AS 109: Annual Improvements to Ind AS (2021)
- ii. Ind AS 103: Reference to Conceptual Framework
- iii. Ind AS 37: Onerous Contracts - Costs of Fulfilling a Contract
- iv. Ind AS 16: Proceeds before intended use

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on its standalone financial statements.

**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					
<b>Gross Block</b>									
Balance as at 1 <sup>st</sup> April, 2020	0.38	167.95	2,106.24	9.31	2,947.53	41.43	278.63	142.92	5,694.38
Additions	-	-	-	-	-	-	-	2.08	2.08
Disposals	-	-	57.41	-	290.93	-	16.80	8.31	373.46
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>0.38</b>	<b>167.95</b>	<b>2,048.83</b>	<b>9.31</b>	<b>2,656.60</b>	<b>41.43</b>	<b>261.82</b>	<b>136.68</b>	<b>5,323.00</b>
Additions	19.60	-	-	-	-	-	-	-	19.60
Disposals	-	23.05	784.86	-	188.34	-	6.76	47.90	1,050.91
Transfer to assets held for sale (Refer Note below)	-	-	-	-	678.60	-	-	-	678.60
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>19.98</b>	<b>144.89</b>	<b>1,263.97</b>	<b>9.31</b>	<b>1,789.65</b>	<b>41.43</b>	<b>255.06</b>	<b>88.79</b>	<b>3,613.09</b>
<b>Accumulated Depreciation</b>									
Balance as at 1 <sup>st</sup> April, 2020	-	-	850.75	1.98	2,693.26	37.06	102.69	112.30	3,798.04
Additions	-	-	59.89	0.15	30.18	1.04	32.66	4.87	128.79
Disposals	-	-	32.45	-	232.52	-	7.48	6.84	279.30
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>-</b>	<b>878.19</b>	<b>2.13</b>	<b>2,490.92</b>	<b>38.11</b>	<b>127.87</b>	<b>110.32</b>	<b>3,647.54</b>
Additions	-	-	41.83	0.15	11.03	0.57	29.96	4.16	87.69
Disposals	-	-	366.04	-	173.41	-	5.49	44.23	589.17
Transfer to assets held for sale (Refer Note below)	-	-	-	-	635.76	-	-	-	635.76
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>-</b>	<b>-</b>	<b>553.98</b>	<b>2.27</b>	<b>1,692.77</b>	<b>38.68</b>	<b>152.34</b>	<b>70.25</b>	<b>2,510.29</b>
<b>Net Block</b>									
Balance as at 1 <sup>st</sup> April, 2020	0.38	167.95	1,255.49	7.33	254.27	4.37	175.94	30.62	1,896.34
Balance as at 31 <sup>st</sup> March, 2021	0.38	167.95	1,170.64	7.18	165.68	3.32	133.96	26.36	1,675.46
Balance as at 31 <sup>st</sup> March, 2022	19.98	144.89	709.99	7.03	96.88	2.75	102.72	18.54	1,102.79

Note: Net block of ₹ 42.84 lakhs (As at 31<sup>st</sup> March, 2021 - ₹ Nil) is transferred to assets held for sale.

**4 Intangible Assets**

(₹ in lakhs)

Particulars	Computer Software
<b>Gross Block</b>	
Balance as at 1 <sup>st</sup> April, 2020	153.98
Additions	-
Disposals	-
Balance as at 31 <sup>st</sup> March, 2021	153.98
Additions	-
Disposals	-
Transfer to assets held for sale (Refer Note below)	-
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>153.98</b>
<b>Accumulated Depreciation</b>	
Balance as at 1 <sup>st</sup> April, 2020	146.07
Additions	0.11
Disposals	-
Balance as at 31 <sup>st</sup> March, 2021	146.19
Additions	0.11
Disposals	-
Transfer to assets held for sale (Refer Note below)	-
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>146.30</b>
<b>Net Block</b>	
Balance as at 1 <sup>st</sup> April, 2020	7.91
Balance as at 31 <sup>st</sup> March, 2021	7.79
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>7.68</b>

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5	Financial Assets	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>Non-current Investment</b>		
	Investment in NCD	144.62	126.47
	100 (31 <sup>st</sup> March, 2021: 100) units in Samasta Micro Finance Ltd.		
	<b>Investment in equity shares of associate Company</b>		
	<b>Unquoted equity shares</b>		
	300 Equity Share of AED 1000 each of Soma Textile FZC.	34.21	34.21
	Less: Provision for Diminution in the value Investment	(34.21)	-
	<b>Investment in equity shares of others</b>		
	<b>Unquoted equity shares</b>		
	(5 Shares of ₹ 100/- each in Poonam Apt. Association )	0.01	0.01
	<b>Total non-current investments</b>	<b>144.63</b>	<b>160.69</b>

6	Loan	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>Loan to Associate</b>		
	Soma Textiles FZC Loan Account (Refer note 33.3.1)	6,882.90	7,195.68
	<b>Note: Disclosures Pursuant To Regulation 34(3) and 53(f) of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 And Section 186 Of the Companies Act, 2013</b>		
	Balance as at the beginning of the year	7,195.68	9,505.07
	Loan given	-	-
	Loan repaid (Refer note 6.4)	312.78	2,309.39
	Balance as at the end of the year	6,882.90	7,195.68
	Maximum amount outstanding at any time during the year	7,380.90	9,663.34
	<b>Total loan</b>	<b>6,882.90</b>	<b>7,195.68</b>

Note :

6.1	Break-up of security details	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>Loan considered good - secured</b>	-	-
	Loan considered good - unsecured	6,882.90	7,195.68
	Loan which have significant increase in credit risk	-	-
	Loan - credit impaired	-	-
	<b>Total</b>	<b>6,882.90</b>	<b>7,195.68</b>
	Loss allowance	-	-
	<b>Total loan</b>	<b>6,882.90</b>	<b>7,195.68</b>

**6.2 Loans and advances in the nature of Loans to Promoters, Directors, KMPs & the related parties (as defined under the Companies Act, 2013):**

(₹ in lakhs)

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Promoters	-	-
Directors	-	-
KMPs	-	-
Related Parties	<b>6,882.90</b>	100%
<b>Total loan</b>	<b>6,882.90</b>	<b>100%</b>

6.3 The above loan has been given for business purpose.

6.4 During the year ended 31<sup>st</sup> March, 2022, the company has recognised a Foreign Exchange fluctuation gain/(loss) of ₹ 264.82 lakhs (Previous year ₹ (337.54 lakhs)) and interest on fair value adjustment as per Ind AS 113 is ₹ 242.12 lakhs (Previous year ₹ 298.67 lakhs) with respect to loan given to Soma Textiles FZC. Actual repayment of loan during the year ₹ 819.72 lakhs (Previous year ₹ 2270.52 lakhs). So, net repayment of loan during the year ₹ 312.78 lakhs (Previous year ₹ 2309.39 lakhs)

**7 Other financial assets**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Interest Accrued	<b>129.55</b>	22.23
Security Deposits	<b>92.47</b>	141.47
Advances recoverable in cash or in kind or for value to be received	<b>2.27</b>	2.27
<b>Total other financial assets</b>	<b>224.28</b>	165.96

Note:

7.1 The management has assessed that carrying value of the investments to the fair value.

7.2 Increase in the amount of loan during the period is on account of notional interest on fair valuation of financial assets amounting ₹ 27.28 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 ₹ 0.42 lakhs and ₹ 0.23 lakhs respectively.

7.4 The Company out of the GDR issue proceeds had made an investment of USD 1,79,00,054 in 2006-07, out of which USD 87,61,408 has been repaid by Soma Textiles FZC till 31<sup>st</sup> March, 2022 leading balance of USD 91,38,646 as on 31<sup>st</sup> March, 2022 which is equivalent to ₹ 6882.90 lakhs (Previous Year ₹ 7195.68 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 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Deferred Tax Assets</b>		
Unabsorbed Business losses and depreciation	<b>1,435.40</b>	1,583.43
Defined benefit obligations	<b>11.28</b>	-
MAT credit Entitlement	<b>18.10</b>	18.10
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	<b>50.80</b>	127.45
<b>Total deferred tax assets (net)</b>	<b>1,413.98</b>	1,474.08

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9	Income tax assets (net)	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	Income Tax Advance (Net of provision)	365.76	380.18
	<b>Total income tax assets (net)</b>	<b>365.76</b>	<b>380.18</b>

10	Inventories	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	Raw Materials	15.44	33.06
	Work-in-progress	-	91.06
	Finished goods	-	64.05
	Stores and spares	89.72	97.95
	Less: Obsolescence Inventory Reserve	(79.16)	-
	<b>Total inventories</b>	<b>26.00</b>	<b>286.13</b>

Obsolescence Inventory Reserve are accounted, considering the nature of inventory, ageing, discontinuation of operation and net realisable value. Provision for obsolescence inventory reserve amounted ₹ 79.16 lakh as at 31<sup>st</sup> March, 2022 (as at 31<sup>st</sup> March, 2021 - ₹ Nil) and were recognised as an expenses as exceptional item in statement of profit and loss. (Refer note 30)

11	Current Investment	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>Current Investment</b>		
	Investment in Mutual Fund		
	Quoted		
	24995.97 (31 <sup>st</sup> March, 2021: 24995.97) units in Mirae Asset Large Cap Reg-Growth	19.35	16.37
	68756.87 (31 <sup>st</sup> March, 2021: 68756.87) units in IIFL Focused Equity Reg-Growth	20.11	16.42
	<b>Total current investments</b>	<b>39.46</b>	<b>32.79</b>

12	Trade receivables	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	Unsecured, considered good (Refer note 33.3.2 & 36)	7.71	33.95
	Doubtful	18.46	18.46
	Less: Allowance for doubtful debts	(18.46)	(18.46)
	<b>Total trade receivables</b>	<b>7.71</b>	<b>33.95</b>

13	(a) Cash and cash equivalents	(₹ in lakhs)	
	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>Cash and cash equivalents</b>		
	Balances with Banks	91.05	72.52
	Cash on hand	0.47	0.84
		<b>91.52</b>	<b>73.36</b>
	<b>Other Bank Balances:</b>		
	Bank Deposits with original maturity of less than three months	4,185.25	223.63
	<b>Total cash and cash equivalents</b>	<b>4,276.76</b>	<b>296.99</b>

<b>13</b>	<b>(b) other bank balance</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
	Deposits with original maturity of more than three months but less than twelve months	<b>135.00</b>	2,451.78
	Deposits with original maturity of more than twelve months	<b>0.40</b>	0.40
	<b>Total other bank balance</b>	<b>135.40</b>	2,452.18
<b>14</b>	<b>Other financial assets</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
	Interest Receivable under TUF Scheme	-	7.92
	Advances recoverable in cash or in kind or for value to be received	<b>7.28</b>	22.28
	<b>Total other financial assets</b>	<b>7.28</b>	30.20
<b>15</b>	<b>Other current assets</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
	Capital Advances	-	200.00
	Advance to Suppliers	<b>62.08</b>	451.03
	Balance with Government Authorities	-	0.04
	Duties, Claims & Other Receivables	<b>412.69</b>	413.29
	<b>Total other current assets</b>	<b>474.77</b>	1,064.36
<b>16</b>	<b>Equity share capital</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
	<b>Authorised</b>		
	4,00,00,000 (Previous year 4,00,00,000) Equity Shares of ₹ 10 each	<b>4,000.00</b>	4,000.00
	<b>Issued</b>		
	3,34,18,300 (Previous year 3,34,18,300) Equity Shares of ₹ 10 each	<b>3,341.83</b>	3341.83
	<b>Subscribed &amp; Paid up</b>		
	3,30,33,000 (Previous year 3,30,33,000) Equity Shares of ₹ 10 each	<b>3,303.30</b>	3,303.30
	<b>Add:</b>		
	<b>Subscribed and not paid up</b>		
	3,85,300 (previous year 3,85,300) equity shares of ₹ 10 each partly paid up ₹ 5 each forfeited in the year 1996-97*	<b>19.45</b>	19.45
	<b>Total</b>	<b>3,322.75</b>	3,322.75
<b>16.1</b>	<b>Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is set out below:-</b>		
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
	Shares at the beginning of the Year	<b>3,30,33,000</b>	3,30,33,000
	Add: Shares issued during the year	-	-
	Less: Shares bought back during the year	-	-
	Shares at the end of the Year	<b>3,30,33,000</b>	3,30,33,000

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

Name of Shareholder	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares</b>				
KGPL Industries and Finvest Pvt Ltd	1,02,04,651	30.89	1,02,04,651	30.89
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	23,28,217	7.05

## 16.3 Shares Held By Promoters At The End Of Year

Name of Shareholder	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Promoters</b>				
Surendra Kumar Somany	29,65,695	8.98	29,65,695	8.98
Surendra Kumar Somany Karta for Surendra Kumar Somany HUF	23,28,217	7.05	23,28,217	7.05
Arvind Kumar Somany	14,02,579	4.25	14,02,579	4.25
Arvind Kumar Somany Karta for Arvind Kumar Somany HUF	1,26,631	0.38	1,26,631	0.38
<b>Total</b>	<b>68,23,122</b>	<b>20.66</b>	<b>68,23,122</b>	<b>20.66</b>
Promoters group				
KGPL Industries and Finvest Pvt Ltd	1,02,04,651	30.89	1,02,04,651	30.89
Sarvopari Investment Private Limited	40,07,244	12.13	40,07,244	12.13
<b>Total</b>	<b>1,42,11,895</b>	<b>43.02</b>	<b>1,42,11,895</b>	<b>43.02</b>
<b>Grand Total</b>	<b>2,10,35,017</b>	<b>63.68</b>	<b>2,10,35,017</b>	<b>63.68</b>

### 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 Rs.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 Rs.19,44,680 (@ Rs.5.05 per share)

## 17 Other equity

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a. Capital Reserves (Other than Capital Contribution)</b>		
As per last Balance Sheet	77.57	77.57
<b>b. Equity Component of Compound Financial Instruments - Preference Share capital</b>		
As per last Balance Sheet	774.33	774.33
<b>c. Securities Premium Account</b>		
As per last Balance Sheet	8,713.65	8,713.65
<b>d. General Reserve</b>		
As per last Balance Sheet	18.58	18.58
<b>e. Surplus</b>		
As per last Balance Sheet	(19,835.42)	(17,679.77)
Profit/(Loss) for the period	(1,643.21)	(2,155.65)
<b>Closing Balance</b>	<b>(21,478.63)</b>	<b>(19,835.42)</b>
<b>Total</b>	<b>(11,894.50)</b>	<b>(10,251.29)</b>

**Nature & purpose of Reserve:**
**a) Capital Reserves (Other than Capital Contribution)**

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) Equity Component of Compound Financial Instruments**

Equity Component of Compound Financial Instruments represent residual amount after deducting liability component from the fair value of the compound financial instrument.

**c) 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.

**d) 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.

**18 Non-current borrowings (₹ in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured</b>		
<b>(a) Invent Assets Securitisation &amp; Reconstruction Pvt Ltd</b>		
Rupee Term Loan	6,940.12	8103.02
Refer Note: 18.1		
Pending Loans after assignment	2,276.11	2252.03
Refer Note: 18.1		
<b>(b) Other loans and advances (Unsecured)</b>		
Leasehold Liability	4.33	4.28
<b>(c) Liability Component of Compound Financial Instruments - Preference Share Capital (Refer note 18.2)</b>	441.94	408.35
<b>Total non-current borrowings</b>	<b>9,662.49</b>	<b>10,767.68</b>

**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 the 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 including FITL & C.C. A/c ₹ 10394.33 lakhs (Previous year ₹ 10625.36 lakhs), such outstanding amount was taken over by Invent and as per the new repayment schedule a total amount of ₹ 8103.02 lakhs (Previous year ₹ 8383.02 lakhs) is now payable to Invent against the total outstanding amount. The difference of ₹ 2291.31 lakhs (Previous Year ₹ 2252.03 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".

All Term Loans are additionally secured by personal guarantees of Shri S. K. Somany-Chairman and Shri A. K. Somany-Managing Director of the Company and additionally secured by hypothecation of shares of the company to the extent of 25,00,000 held by Promoters & Promoters entity assigned to Invent Assets Securitisation & Reconstruction Pvt. Ltd.

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### 18.2 Preference Share:

(₹ in lakhs)

#### a) Details of Preference Share:

##### 0.01% Non -convertible Cumulative Redeemable Preference Shares (NCRPS)

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Shares at the beginning of the Year	9,75,000	9,75,000
Add: Shares issued during the year	-	-
Less: Shares Redeemed during the year	-	-
Preference Shares at the end of the Year	9,75,000	9,75,000

#### b) Details of NCRPS held by each shareholders holding more than 5% of total NCRPS:

Name of Shareholder	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGPL Industries and Finvest Pvt. Ltd.	3,45,000	35.38	3,45,000	35.38
Sarvopari Investment Private Limited	5,80,000	59.49	5,80,000	59.49
Surendra Kumar Somany	50,000	5.13	50,000	5.13

### 19 Long-term provisions

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Provision for employee benefits</b>		
Gratuity	17.55	52.04
Leave Benefits	2.25	5.84
<b>Total long-term provisions</b>	<b>19.80</b>	<b>57.88</b>

### 20 Trade Payables

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Trade Payables (Refer note 35)		
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	-	-
(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	43.70	169.80
<b>Total trade payables</b>	<b>43.70</b>	<b>169.80</b>

21

Other current liabilities

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Current maturities of long-term debt	1,162.90	280.00
Interest accrued and due on borrowings (Refer note 18.1)	12,614.61	10,842.06
Statutory dues	9.93	10.97
Outstanding Liabilities	21.24	27.16
Advances received for sale of Commercial Units	56.91	79.79
Other payables	108.84	12.94
Employee Benefits Payable (Bonus)	-	0.10
<b>Total other current liabilities</b>	<b>13,974.43</b>	<b>11,253.03</b>

22

Short-term provisions

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Provision for employee benefits</b>		
Leave with wages	2.25	4.79
Gratuity Provision	21.33	38.40
<b>Total short-term provisions</b>	<b>23.58</b>	<b>43.19</b>

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<b>23</b>	<b>Revenue</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	a) Sale of products	<b>1,396.26</b>	1,250.79
	b) Other operating revenues		
	(i) Waste and Scrap Sale	<b>58.93</b>	31.73
		<b>58.93</b>	31.73
	<b>Total revenue from operations</b>	<b>1,455.19</b>	1,282.52
	<b>Detail of sales of Products:</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Cloth	<b>1,396.26</b>	1,250.79
	<b>Total</b>	<b>1,396.26</b>	1,250.79
<b>24</b>	<b>Other income</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Rent	<b>30.98</b>	16.61
	Insurance & Other claims	<b>0.38</b>	1.03
	Profit on Fair Value of Investment	<b>24.82</b>	21.26
	Profit on Sale of Investment	<b>-</b>	38.74
	Profit on Sale of Fixed Assets	<b>139.34</b>	54.81
	Miscellaneous Receipts	<b>56.79</b>	0.01
	<b>Total other income</b>	<b>252.31</b>	132.46
<b>25</b>	<b>Cost of Materials consumed</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Opening Stock	<b>33.06</b>	36.23
	Add: Purchases	<b>507.45</b>	443.42
		<b>540.51</b>	479.65
	Less: Closing Stock	<b>15.44</b>	33.06
	<b>Consumption</b>	<b>525.07</b>	446.59
	<b>Imported and Indigeneous Raw materials consumed</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Indigenous	<b>525.07</b>	446.59
	<b>Total</b>	<b>525.07</b>	446.59
	<b>Detail of Raw Material consumed</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Dyes, Chemicals and Packing Material	<b>525.07</b>	446.59
	<b>Total</b>	<b>525.07</b>	446.59
<b>26</b>	<b>Changes in Inventories of Finished Goods and Work-In-Progress</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Opening Stock:		
	Finished Goods	<b>64.05</b>	127.44
	Work-in-progress	<b>91.06</b>	35.02
		<b>155.12</b>	162.46
	Closing Stock:		
	Finished Goods	<b>-</b>	64.05
	Work-in-progress	<b>-</b>	91.06
		<b>-</b>	155.12
	<b>Total</b>	<b>155.12</b>	7.34

<b>27</b>	<b>Employee Benefits Expenses</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Salaries and Wages	<b>339.70</b>	414.25
	Contribution to Provident and Other Funds	<b>17.06</b>	13.59
	Staff Welfare Expenses	<b>0.69</b>	0.50
	<b>Total</b>	<b>357.46</b>	428.34
<b>28</b>	<b>Finance cost</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Interest expense	<b>1,439.59</b>	1,388.76
	Other borrowing costs	<b>0.43</b>	0.90
	<b>Total</b>	<b>1,440.02</b>	1,389.65
<b>29</b>	<b>Other expenses</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	<b>Related to Production:</b>		
	Consumption of stores and spares	<b>30.89</b>	52.14
	Power and Fuel	<b>588.56</b>	442.24
	Repairs to Machinery	<b>36.01</b>	45.28
	<b>Other expenses:</b>		
	Rent	<b>3.65</b>	3.57
	Insurance	<b>17.98</b>	25.77
	Rates and Taxes	<b>22.07</b>	17.56
	Repairs to Building	<b>2.56</b>	4.52
	Repairs to Others	<b>6.50</b>	6.72
	Remuneration to Auditors	<b>5.75</b>	5.75
	Miscellaneous expenses	<b>177.43</b>	324.43
	<b>Total</b>	<b>891.38</b>	927.98
<b>29.1</b>	<b>Imported and Indigenous Stores, Spares, dyes and chemicals Consumed:</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	Imported	-	1.77
	Indigenous	<b>30.89</b>	50.37
	<b>Total</b>	<b>30.89</b>	52.14
<b>29.2</b>	<b>Remuneration to the auditors (excluding GST)</b>	<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
	- As Auditor	<b>3.90</b>	3.95
	- For Taxation Matters	<b>0.75</b>	0.75
	- For Reimbursement of expenses	<b>1.10</b>	1.05
	<b>Total</b>	<b>5.75</b>	5.75

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30 Exceptional items represent		(₹ in lakhs)
Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Foreign Exchange fluctuation on loan - Soma Textile FZC	264.82	(337.54)
Allowance for Obsolete Inventory	(79.16)	-
Investment written off Provision	(34.21)	-
Liabilities no longer required written back	51.92	-
<b>Total</b>	<b>203.37</b>	<b>(337.54)</b>

### 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 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
i) Contribution to Employees' Provident Fund	13.65	9.02
ii) Contribution to Pension Fund	2.15	2.29
iii) Contribution to Labour Welfare Fund	0.68	0.49
iv) EDLI Charges	0.01	0.01
v) Administration Charges of Provident Fund	0.68	0.50
<b>Total</b>	<b>17.17</b>	<b>12.31</b>

#### (2) Defined Benefit Plans:

The Defined Benefit Plan is as below:

##### Gratuity (unfunded)

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognised in the same manner as gratuity.

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 services 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 31<sup>st</sup> March, 2022 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 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
1. Discount rate	5.65%	6.05%
2. Salary escalation	5.00%	5.00%
3. Rate of Employee Turnover	age 25 & below =15% age 26-35 = 8% age 36-45 = 6% age 46-55 = 4% age 56 & above = 2%	age 25 & below =15% age 26-35 = 8% age 36-45 = 6% age 46-55 = 4% 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

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Service cost:		
Current service cost	4.08	5.74
Past service cost	-	-
Net Interest cost	4.31	9.62
<b>Components of defined benefit costs recognised in the 'Employee benefits expenses' in the Statement of Profit and Loss</b>	<b>8.39</b>	<b>15.36</b>

#### Net Interest Cost recognised in Statement of Profit and Loss:

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Interest Cost	4.31	9.62
(Interest Income)	-	-
<b>Net interest cost recognised in Statement of Profit and Loss</b>	<b>4.31</b>	<b>9.62</b>

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C. Expenses Recognized in the Other Comprehensive Income (OCI)			(₹ in lakhs)
Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021	
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in demographic assumptions	-	-	
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions	0.46	2.23	
Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment	(3.61)	1.17	
<b>Net (Income)/Expense For the Period Recognized in OCI</b>	<b>(3.16)</b>	<b>3.39</b>	
D. Amount recognised in the Balance Sheet			(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
Present Value of Defined Benefit Obligation as at the end of the year	38.88	90.44	
Fair Value of plan assets	-	-	
<b>Net (asset) /liability recognised in the Balance Sheet</b>	<b>38.88</b>	<b>90.44</b>	
Recognised under:			
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
Long term (asset) / provision (Refer note 19)	17.55	52.04	
Short term (asset) / provision (Refer note 22)	21.33	38.40	
<b>Total</b>	<b>38.88</b>	<b>90.44</b>	
E. Movements in the present value of defined benefit obligation are as follows:			(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
Opening defined benefit obligation	90.44	166.82	
Current Service Cost	4.08	5.74	
Interest cost	4.31	9.62	
Past Service Cost	-	-	
Remeasurement (gains)/losses	(3.16)	3.39	
Benefits Paid	(56.79)	(95.13)	
<b>Closing defined benefit obligation</b>	<b>38.88</b>	<b>90.44</b>	
F. Movements in the fair value of the plan assets are as follows:			(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
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	
<b>Closing fair value of plan assets</b>	<b>NIL</b>	<b>NIL</b>	

**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 <sup>st</sup> March, 2022	Estimated for the year ended 31 <sup>st</sup> March, 2021
1 <sup>st</sup> Following Year	21.33	42.07
2 <sup>nd</sup> Following Year	0.77	7.34
3 <sup>rd</sup> Following Year	0.77	8.54
4 <sup>th</sup> Following Year	0.76	12.49
5 <sup>th</sup> Following Year	0.76	7.83
Sum of Years 6 to 10	18.09	71.49
<b>Total expected payments</b>	<b>42.48</b>	<b>149.77</b>

**H. Sensitivity Analysis (₹ in lakhs)**

Projected Benefits Payable in Future Years From the Date of Reporting	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Projected Benefit Obligation on Current Assumptions		
Impact of +0.5% Change in Rate of Discounting	38.31	88.41
Impact of -0.5% Change in Rate of Discounting	39.48	92.59
Impact of +0.5% Change in Rate of Salary Increase	39.05	91.78
Impact of -0.5% Change in Rate of Salary Increase	38.71	89.26
Impact of +0.5% Change in Rate of Employee Turnover	38.94	90.60
Impact of -0.5% Change in Rate of Employee Turnover	38.82	90.28

**I. Other Disclosures**

a) The average outstanding term of obligations (years) as at valuation date is 2.95 years.

**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 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Current Tax:</b>		
Current Tax (MAT)	-	-
Tax Refund / reversal pertaining to earlier years	(41.47)	-
	(41.47)	-
<b>Deferred Tax:</b>		
Deferred Tax	(60.10)	102.80
Tax Refund / reversal pertaining to earlier years	-	-
	(60.10)	102.80
<b>Total Tax expenses</b>	<b>(101.57)</b>	<b>102.80</b>

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

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>Corporate tax rate as per Income Tax Act, 1961 (ii)</b>	<b>(1545.98)</b>	(2251.36)
Tax on Accounting profit (iii) = (i) * (ii)	<b>25.17%</b>	25.17%
<b>Tax difference on account of:</b>	-	-
(A) Deferred tax Adjustment but no Current tax during the year	<b>(60.10)</b>	216.20
(B) Tax Refund / reversal pertaining to earlier years	<b>(41.47)</b>	-
<b>Total effect of tax adjustments</b>	<b>(101.57)</b>	216.20
<b>Tax expense recognised during the year</b>	<b>(101.57)</b>	216.20

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

Particulars	For the Year ended Make: 31 <sup>st</sup> March, 2022			
	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	<b>(127.45)</b>	<b>76.65</b>	-	(50.80)
Defined benefit obligations	-	<b>11.28</b>	-	11.28
Carry forward Tax Loss	<b>1583.43</b>	<b>(148.03)</b>	-	1435.40
<b>Net Tax Asset (Liabilities)</b>	<b>1455.98</b>	<b>(60.10)</b>	-	1395.88

Particulars	For the Year ended Make: 31 <sup>st</sup> March, 2021			
	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	<b>(176.11)</b>	<b>48.66</b>	-	(127.45)
Carry forward Tax Loss	<b>1415.89</b>	<b>167.54</b>	-	1583.43
<b>Net Tax Asset (Liabilities)</b>	<b>1239.78</b>	<b>216.20</b>	-	1455.98

**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 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Financial assets</b>		
(a) Measured at fair value through profit or loss (FVTPL)		
(i) Mutual Fund Investments	39.46	32.79
(ii) Investments in NCD	144.62	126.47
(b) Measured at amortised cost		
(i) Cash and cash equivalent	4,276.76	296.99
(ii) Bank balance other than (i) above	135.40	2,452.18
(iii) Trade receivables	7.71	33.95
(iv) Loans	6,882.90	7,195.68
(v) Other financial assets	231.56	196.16
(c) Measured at FVTOCI		
(i) Investments in equity instruments	0.01	0.01
<b>Total Financial Assets</b>	<b>11,718.43</b>	<b>10,334.23</b>
<b>Financial liabilities</b>		
Measured at fair value through profit or loss (FVTPL)		
(a) Measured at amortised cost		
(i) Borrowings	9,662.49	10,767.68
(ii) Trade payables	43.70	169.80
<b>Total Financial Liabilities</b>	<b>9,706.19</b>	<b>10,937.48</b>

### 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.

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 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
		Hedged	Unhedged	Hedged	Unhedged
FCNR based loan to associate	USD *	-	91,38,646	-	1,02,31,028
	INR	-	6,882.90	-	7,195.68

\* - Denotes amounts in full figures.

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## 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 31<sup>st</sup> March, 2022 would have increased/decreased by ₹ 0.39 lakhs (2020-21: increase/decrease by ₹ 0.33 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
0 - 6 months past due	0.25	32.39
More than 6 months past due	25.92	20.02
<b>Total Trade receivables</b>	<b>26.17</b>	<b>52.41</b>

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

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Balance as at beginning of the year</b>	<b>18.46</b>	18.46
Allowance for doubtful debts based on Expected Credit Loss (ECL)	-	-
<b>Balance at end of the year</b>	<b>18.46</b>	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.

(₹ in lakhs)					
	Weighted average effective interest rate (%)	Upto 1 year	1-5 years	5+years	Total
<b>31<sup>st</sup> March, 2022</b>					
Borrowings	14.56%	1,162.90	9,220.56	441.94	10,825.39
Trade Payables	-	43.70	-	-	43.70
<b>Total</b>		<b>1,206.60</b>	<b>9,220.56</b>	<b>441.94</b>	<b>10,869.09</b>
<b>31<sup>st</sup> March, 2021</b>					
Borrowings	14.57%	280.00	10,355.05	412.63	11,047.68
Trade Payables	-	169.80	-	-	169.80
<b>Total</b>		<b>449.80</b>	<b>10,355.05</b>	<b>412.63</b>	<b>11,217.48</b>

### 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021		
Investments in Mutual funds at FVTPL	39.46	32.79	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	144.62	126.47	Level 1	Fair value of investments in Non Convertible Debentures is based on market value.

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## 34 Financial Ratios

Sr. No.	Particulars	Numerator	Denominator	Ratios		Variance (%)	Change in ratio in excess of 25% compared to preceding year
				For the year ended			
				31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021		
1	Current Ratio (in times)	Current Assets	Current Liabilities	0.36	0.38	-5%	Due to the direction of the Gujarat High Court Dt. 23 <sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the company and the decision of the High Court was upheld by Hon'ble Supreme Court of India. Hence, the operations of the company are closed with effective from 26 <sup>th</sup> November, 2021.
2	Debt-Equity Ratio (in times)	Total Borrowings (i.e. Non-current borrowings + Current borrowings)	Total Equity	(1.13)	(1.55)	-27%	
3	Debt Service Coverage Ratio (in times)	Profit before tax + Depreciation and amortisation expenses + interest on term loans	Interest on term loans + scheduled principal repayments of term loans during the year	0.13	(0.03)	-517%	
4	Return on Equity Ratio (%)	Net profit after tax	Average Networkth	*	*	-	
5	Inventory Turnover (no. of days)	Average Inventory	(Fuel Cost + Consumption of Stores & Spares)	0.25	0.59	-57%	
6	Debtors Turnover (no. of days)	Average Trade Receivables * No of days in the reporting year	Revenue from operations	5.24	5.56	-6%	
7	Payables Turnover (no. of days)	Average Trade payables * No of days in the reporting year	Cost of goods sold	74.41	246.90	-70%	
8	Net Capital Turnover (in times)	Revenue from operations	Working capital	(0.16)	(0.18)	-10%	
9	Net Profit Margin (%)	Net profit for the year	Total Income	(96.23)	(152.34)	-37%	
10	Return on Capital Employed (%)	Profit before tax plus Interest on long term loans	Net worth + Total borrowings + Deferred Tax	(38.88)	(7.48)	420%	
11	Return on Investment (%)	"Profit generated on sale of investment"	Cost of investment	23.74	9.24	157%	Increase in return on investment from Mutual funds are on account of fluctuation in market yields.

\* Return on Equity ratio is not calculated as the Shareholder's Equity is negative (Refer note 16 and 17)

**35 Trade Payables Ageing Schedule**
**(i) Current trade payables:**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022						
	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less then 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<b>Undisputed dues</b>							
- MSME	-	-	-	-	-	-	-
- Others	4.75	-	38.95	-	-	-	43.70
<b>Disputed dues</b>							
- MSME	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
<b>Total</b>	4.75	-	38.95	-	-	-	43.70

Particulars	As at 31 <sup>st</sup> March, 2021						
	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less then 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<b>Undisputed dues</b>							
- MSME	-	-	-	-	-	-	-
- Others	4.93	-	164.87	-	-	-	169.80
<b>Disputed dues</b>							
- MSME	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
<b>Total</b>	4.93	-	164.87	-	-	-	169.80

**36 Trade Receivables Ageing Schedule**
**(i) Current trade receivables:**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022						
	Outstanding for following periods from due date of payment						
	Not due	Less then 6 months	6 months to 1 Year	1 to 2 years	2 to 3 years	More than 3 years	Total
<b>Undisputed dues</b>							
- Considered good	-	0.25	-	-	-	-	0.25
- Considered doubtful	-	-	-	-	-	-	-
<b>Disputed dues</b>							
- Considered good	-	-	-	-	-	7.46	7.46
- Considered doubtful	-	-	-	-	-	18.46	18.46
<b>Total</b>	-	0.25	-	-	-	25.92	26.17

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Particulars	As at 31 <sup>st</sup> March, 2021						
	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months to 1 Year	1 to 2 years	2 to 3 years	More than 3 years	Total
<b>Undisputed dues</b>							
- Considered good	-	26.49	-	-	-	-	26.49
- Considered doubtful	-	-	-	-	-	-	-
<b>Disputed dues</b>							
- Considered good	-	-	-	-	-	7.46	7.46
- Considered doubtful	-	-	-	-	-	18.46	18.46
<b>Total</b>	-	<b>26.49</b>	-	-	-	<b>25.92</b>	<b>52.41</b>

**37** 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 the Companies Act, 1956 and registered as Secuitisation and asset reconstruction company under section 3 of SARFAESI ACT, 2002.

### **38 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.	Kechak Credit & Finvest Pvt. Ltd.
1.5 Key management personnel and their relatives	Shri S. K. Somany, Chairman (Shri A. K. Somany, Managing Director is son of Shri S. K. Somany)  Shri A. K. Somany, Managing Director (Shri S. K. Somany, Chairman is father of Shri A. K. Somany)  Shri Shrikant Bhat, Executive Director & Chief Financial Officer (w.e.f. 01/12/2021)

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)	
	2022	2021	2022	2021	2022	2021
Rent Paid	-	-	-	-	<b>1.44</b>	1.44
Water & Electricity Charges	-	-	-	-	<b>0.72</b>	0.72
Repair & Maintance	-	-	-	-	<b>0.24</b>	0.24
Rates & Taxes	-	-	-	-	<b>1.58</b>	1.58
Sale of Fixed asset	-	-	-	-	-	-
Remuneration	-	-	<b>95.29</b>	54.38	-	-
Sitting Fee	-	-	<b>0.08</b>	0.08	-	-
<b>Balance outstanding at date of Balance sheet :</b>						
- receivable	<b>6,882.90</b>	7,195.68				

a) No amount has been written off or written back during the year ended 31<sup>st</sup> March, 2022 (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.

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

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(i) Contingent Liabilities</b>		
<b>Litigation</b>		
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	113.88	140.11
Claims against the Company not Acknowledged as debts	94.38	56.44
Disputed Income Tax demand	865.63	727.76
<b>Total</b>	<b>1134.96</b>	<b>985.37</b>
<b>(ii) Commitments</b>		
Estimated amounts of Contracts remaining to be executed on capital accounts and not provided for (net of advances)	-	273.65

- 40** The Hon'ble Gujarat High Court directed to close down the operations of polluting industries in and around Ahmedabad in the state of Gujarat and the decision of the High Court was upheld by Hon'ble Supreme Court of India, due to which the Company has discontinued its operations, hence there is no separate reportable business or geographical segments as per Ind AS 108 "Indian Accounting Standard on Operating Segments".

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

Particulars		Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Profit/(Loss) after Tax (₹ in lakhs)	A	(1,643.21)	(2,155.65)
Weighted Average number of Equity Shares	B	3,30,33,000	3,30,33,000
Nominal Value Per Share (Rs.)	C	10.00	10.00
Basic and diluted Earning /(loss) per share (in Rs.)	D = A/B	(4.97)	(6.53)

- 42** Exceptional items for the year ended 31<sup>st</sup> March, 2022 represent foreign exchange fluctuation on advance to Soma Textiles FZC (Overseas associate company) in earlier years, Provision for Obsolete Inventory, Provision for diminution in value of Investment & Balance Written off for Receivables and Payables.

- 43** Due to the direction of the Gujarat High Court Dt. 23<sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the company. Hence, the operations of the company are closed with effective from 26<sup>th</sup> November, 2021 and the company has incurred loss of ₹ 1643.21 lakhs during the year ended 31<sup>st</sup> March, 2022 and as of date negative net worth of the company stood at ₹ 8571.75 lakhs. In the opinion of the management company's assets including cash & bank balance are sufficient to meet the liabilities of the company. The management of the company is also evaluating various options including starting new line of business. The Promoters of the company always helped the company at the time of financial crisis in the past and will back the company if needed, in the foreseeable future also. Considering these factors, the results have been prepared on a going concern basis.

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## 44 Other statutory information

- i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- vii) The Company is not declared wilful defaulter by any bank or financial institution or lender during the year.
- viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- ix) The Company does not have borrowings from banks/financial institutions on the basis of security of current assets during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.
- x) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.
- xi) The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.
- xii) The Company has not entered into any scheme of arrangement approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 which has an accounting impact during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.
- xiii) The Company is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since there is no average profit in the last 3 years calculated as per the provisions of the Act.

**45** 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 31<sup>st</sup> March, 2022. Accordingly, no disclosure are required to be made under said act.

**46** Company has entered into a Registered Development Agreement on 20<sup>th</sup> 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).

- 47** The Code on Social Security, 2020('Code') relating to employee benefits during employment and post - employment benefits received Indian Parliament approval and Presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 48** Security Exchange Board of India (SEBI) vide its Order Number WTM /AB/IVD/ID4/10343/2020 dated 8<sup>th</sup> February 2021 declared the GDR Issue made by the company in October 2006 violated provisions of Section 12 A (a) of SEBI Act 1992 read with regulations 3(b) and 4 (1) of PFUTP regulations, 2003 and directed that Soma Textiles & Industries Limited, Promoter Directors, Executive Director and other of that period (2006-07) are debarred respectively for 3,2 years from the date of the order from accessing the security market and further prohibited from buying, selling or otherwise dealing in securities including units of mutual funds directly or indirectly or being associated with the security market in any manner. The company, Promoter Directors, Executive Director and others preferred an appeal against the order of SEBI before the Security Appellate Tribunal (SAT) and the matter is kept for hearing on 30<sup>th</sup> May, 2022, and therefore the matter is sub judice.
- 49** Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1<sup>st</sup> April, 2021.

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 : 13<sup>th</sup> May, 2022

<b>S. K. SOMANY</b>	Chairman
<b>A. K. SOMANY</b>	Managing Director
<b>SHRIKANT BHAT</b>	Chief Financial Officer
<b>A. K. MISHRA</b>	Company Secretary

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOMA TEXTILES & INDUSTRIES LIMITED

### Report on the Audit of the Consolidated 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 (the Company and its associate together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022, 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 (hereinafter referred to as the "Consolidated Ind AS Financial Statements").

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 (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 consolidated state of affairs (consolidated financial position) of the Company (including its associate) as at 31<sup>st</sup> March, 2022, 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 of the consolidated Ind AS financial statements 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 Ind AS Financial Statements section of our report. We are independent of the Group 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 Consolidated 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 ICAI's 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 15 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 the fact that due to the direction of the Gujarat High Court Dt. 23<sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the Holding Company. Hence, the operations of the Holding Company are closed with effective from 26<sup>th</sup> November, 2021 and the Group has incurred loss of ₹ 1637.40 lakhs during the year ended 31<sup>st</sup> March, 2022 and as of date negative net worth of the Group stood at ₹ 8571.75 lakhs. In the opinion of the management, Holding Company's assets including cash & bank balance are sufficient to meet the liabilities of the company. Management of the Holding Company is also evaluating various options including starting new line of business. These conditions, along with other matter as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company's ability to continue as going concern. The promoters of the Holding Company have assured to give financial support to the Holding Company for the foreseeable future which may be required by the Holding Company. The management has assessed that the Holding Company continuous to be going concern.

Our opinion is not modified in respect of the above said matter.

#### Emphasis of Matter

We draw your attention to:

- a) We draw attention to **Note No. 48** of Consolidated Ind AS Financial Statements, regarding Parliament approval and Presidential assent on The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post - employment benefits, which can affect the employment benefit cost of the Group in future. However, the date on which the Code will come into effect has not been notified.

- b) We draw attention to **Note No. 30** of Consolidated Ind AS Financial Statements wherein Exceptional items for the year ended 31<sup>st</sup> March, 2022 represent following components.

Sr. No.	Particulars	Year Ended 31.03.2022 (₹ In lakhs)	Remarks, if any
1.	Foreign Exchange Fluctuation	264.82	-
2.	Provision for Obsolete Inventory	(79.16)	Fair Value Assessment as per Ind As 113
3.	Provision for diminution in value of Investment	(23.12)	Fair Value Assessment as per Ind As 109
4.	Net Balance Written off for Receivables and Payables	51.92	Fair Value Assessment as per Ind As 109
	<b>Total</b>	<b>214.47</b>	

- c) The Holding Company had advanced a loan to its associate company 'Soma Textiles FZC' (UAE) out of GDR proceeds\*, classified as Non-Current Loan. The Closing Balance of the same Loan is ₹ 6882.90/- lakhs (Previous year ₹ 7195.68/- lakhs). 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 31<sup>st</sup> March, 2010, the Company's holding in this company has diluted from 100% to 40%. In the audited financial statement of Soma Textiles FZC ended as at 31<sup>st</sup> March, 2022 the accumulated loss reflects at AED 8,03,800 as against the total capital of AED 9,00,000 (including statutory reserves).

*\*SEBI has barred Soma Textiles & Industries Ltd, SK Somany, AK Somany, P Bandopadhyay, Prafull Anubhai, Sunil Patel and Whiteview Trading Corporation for indulging in fraudulent trading activities with respect to GDR issuance by Soma Textiles & Industries Ltd vide order WTM/AB/IVD/10343/2020-21 dated 08.02.2021. An investigation was conducted by SEBI with respect to the GDR (Global Depository Receipt) issuance by the Company during October, 2006. The Company, Promoter Directors, Executive Director and others preferred an appeal against the order of SEBI before the Security Appellate Tribunal (SAT) and the matter is kept for hearing on 30-05-2022, and therefore the matter is sub judice*

- d) We draw your attention to the fact that liabilities due to Invent Assets Securitisation & Reconstruction Pvt. Ltd. (Invent ARC) are subject to test of fair valuation, as there was stipulation in agreement, between the Holding Company and Invent Assets Securitisation & Reconstruction Pvt. Ltd., that any default in installment will cause the arrangement settlement to be withdrawn and all the liabilities as per original terms of contract shall be restored. Considering the same, the Holding Company had continued the entire exposure at the time of restructuring less payment already made to Invent ARC. Group had accounted for the interest on the borrowings as appearing in the accompanying Consolidated Ind AS Financial Statements amounting to ₹ 1811.83 lakhs of the Holding Company for the year ended 31<sup>st</sup> March, 2022, we have relied upon internal working of interest provision done by management of holding company. As per management assessment, the differential portion of borrowing will be accounted as income (remission of bank liability) in the financial year in which the Holding Company will make full and final payment towards the restricting plan to Invent ARC.
- e) We draw your attention to the fact that Asset Held for Sale represents a part of net block of Plant and Machinery of the Holding Company only, the carrying amount of the same is ₹ 42.84 lakhs as on 31<sup>st</sup> March, 2022. Management is quite confident that the same will be sold within one year.

Our opinion is not modified in respect of the above matters.

### 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 Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We have determined following key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Discontinued Operation</p> <p>According to Directions of Gujarat High Court dated 23<sup>rd</sup> September, 2021, the Ahmedabad Municipal Corporation (AMC) has disconnected water and drainage connection of the Holding Company.</p> <p>Hence, the operations of the Holding Company are permanently closed and it has to do accounting as per Ind AS 105 'Non-current Assets Held for Sale and Non-current Assets Held for Sale and Discontinued Operations'.</p>	<p>The following audit procedures were applied:</p> <p>A. Obtaining and Verifying the relevant orders and correspondence, between the Holding Company and Government, those led to stop the operations of Company.</p> <p>B. Verifying that holding company has tested all the Assets and Liabilities for fair valuation except liabilities due to Invent Assets Securitisation &amp; Reconstruction Pvt. Ltd. (Refer Para D of Emphasis of Matter)</p> <p>C. Observing Procedure and methods followed by management of the Holding Company to determine Fair Value of Assets and Liabilities.</p> <p>D. Verifying the base documents of Financial Assets and Liabilities.</p> <p>E. Assessing the appropriateness and correctness of the entries in the books of account and disclosure requirements in Consolidated Ind AS Financial Statements.</p>

### Information other than the Consolidated Ind AS 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, Standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated 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 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 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 Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS 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 (including its associate) or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 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 financial controls 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 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 (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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Ind AS Financial Statements.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Ind AS Financial Statements.

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 Consolidated 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.

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## Other Matters

- a) The Consolidated Ind AS Financial Statements include share loss of associate for ₹ 5.29 lakhs for the year ended 31<sup>st</sup> March, 2022, based on their annual financial information, which have been reviewed by their auditors, and have been furnished to us by the Holding Company's management. Our conclusion on the Consolidated Ind AS Financial Statements, and our report in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circular, in so far as it relates to aforesaid associate, are based solely on such reviewed Financial Statements. According to the information and explanations given to us by the management, this reviewed Financial Statements is not material to the Holding Company.
- b) 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 Holding Company's management. 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 Statement 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.

- c) The Holding Company has filed application for voluntary delisting its share in terms of Regulation 6(a) and Regulation 7 of SEBI (Delisting of Equity Shares) Regulations, 2009, however approval is pending on the BSE's part. Further, the Equity Shares of the Company will continue to be listed on National Stock Exchange of India Limited.

## 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 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 Statements;
- d) In our opinion, the aforesaid Consolidated 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 (including its associate);
- f) 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 31<sup>st</sup> March 2022 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.
- g) With respect to the adequacy of internal financial controls over financial reporting of the Consolidated Ind AS 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 consolidated independent auditor's report.

- h) 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.
- 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 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:
- i. the Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its associate;
  - ii. The Company (Including its associate) did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. 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.
  - iv.
    - a) The management of the Holding Company, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - b) The management of the Holding Company, have represented to us that to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. There was no proposal of Dividend (Interim or Final) during the Current Financial year as well as during the previous Financial Year.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company included in the Consolidated Ind AS Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

**ASHOK KUMAR JAIN**  
PARTNER

M.No.: 038521

UDIN:22038521AIXKWU9173

Date: 13<sup>th</sup> May, 2022  
Place: Ahmedabad

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## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SOMA TEXTILES & INDUSTRIES LIMITED, ON CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022

### ANNEXURE A

#### **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 Consolidated Ind AS Financial Statements of **SOMA TEXTILES & INDUSTRIES LIMITED** ('The Holding Company') and its associate (the Company and its associate together referred to as the "Group"), for the year ended 31<sup>st</sup> March, 2022, 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 the 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 Consolidated Ind AS 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 IFCoFR of the Group.

#### **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 Consolidated Ind AS 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 records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions recorded as necessary to permit preparation of Consolidated Ind AS 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 Consolidated Ind AS 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, to the best of our information and according to the explanation given to us, the Holding Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2022 based on the criteria for internal financial control over financial reporting established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Holding Company, in so far as it related to an associate company, which is company incorporated outside India, is based on the corresponding reports of the auditors of such associate and in cases where the components are unaudited and based overseas, no such tests have been conducted and management representations have been relied upon.

Date: 13<sup>th</sup> May, 2022  
Place: Ahmedabad

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

**ASHOK KUMAR JAIN**  
PARTNER  
M.No.: 038521  
UDIN:22038521AIXKWU9173

# ANNUAL REPORT 2021-22

## Consolidate Balance Sheet as at 31<sup>st</sup> March, 2022

		(₹ in lakhs)	
Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipments	3	1,102.79	1,675.46
(b) Intangible assets	4	7.68	7.79
(c) Investments accounted for using equity method	5(a)	-	28.41
(d) Financial assets			
(i) Investments	5(b)	144.63	126.48
(ii) Loan	6	6,882.90	7,195.68
(iii) Other financial assets	7	224.28	165.96
(d) Deferred tax assets (net)	8	1,413.98	1,474.08
(e) Income tax assets (net)	9	365.76	380.18
<b>Total non-current assets</b>		<b>10,142.02</b>	<b>11,054.04</b>
<b>2 Current assets</b>			
(a) Inventories	10	26.00	286.13
(b) Financial assets			
(i) Investments	11	39.46	32.79
(ii) Trade receivables	12	7.71	33.95
(iii) Cash and cash equivalents	13(a)	4,276.76	296.99
(iv) Bank balance other than (iii) above	13(b)	135.40	2,452.18
(v) Other financial assets	14	7.28	30.20
(c) Other current assets	15	474.77	1,064.36
(d) Assets classified as held for sale		42.84	106.59
<b>Total current assets</b>		<b>5,010.23</b>	<b>4,303.19</b>
<b>Total Assets</b>		<b>15,152.25</b>	<b>15,357.23</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	3,322.75	3,322.75
(b) Other equity	17	(11,894.50)	(10,257.10)
<b>Total equity</b>		<b>(8,571.75)</b>	<b>(6,934.35)</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	9,662.49	10,767.68
(b) Long-term provisions	19	19.80	57.88
<b>Total non-current liabilities</b>		<b>9,682.30</b>	<b>10,825.56</b>
<b>2 Current liabilities</b>			
(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		43.70	169.80
(b) Other current liabilities	21	13,974.43	11,253.03
(c) Short-term provisions	22	23.58	43.19
<b>Total current liabilities</b>		<b>14,041.70</b>	<b>11,466.02</b>
<b>Total liabilities</b>		<b>23,724.00</b>	<b>22,291.58</b>
<b>Total equity and liabilities</b>		<b>15,152.25</b>	<b>15,357.23</b>

The accompanying notes 1 to 50 are an integral part of these standalone 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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

**Consolidate Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022**

		(₹ in lakhs)	
Particulars	Note	As at	As at
		31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
I. Revenue from operations	23	1,455.19	1,282.52
II. Other income	24	252.31	132.46
III. <b>Total Revenue (I + II)</b>		<b>1,707.50</b>	1,414.98
IV. <b>Expenses:</b>			
Cost of materials consumed	25	525.07	446.59
Changes in inventories of finished goods and work-in-progress	26	155.12	7.34
Employee benefits expense	27	357.46	428.34
Finance costs	28	1,440.02	1,389.65
Depreciation	3 & 4	87.81	128.91
Other expenses	29	891.38	927.98
<b>Total expenses</b>		<b>3,456.84</b>	3,328.81
V. <b>Profit/(Loss) before Exceptional Item and Tax</b>		<b>(1,749.34)</b>	(1,913.83)
VI. Exceptional items	30	214.47	(337.54)
VII. <b>Profit/(Loss) before tax</b>		<b>(1,534.88)</b>	(2,251.36)
VIII. Tax expense:			
Deferred tax		(60.10)	102.80
Tax in respect of earlier years		(41.47)	-
IX. <b>Profit/(Loss) after tax</b>		<b>(1,636.45)</b>	(2,148.56)
X. Share of Profit/(Loss) of associates		(5.29)	(4.79)
XI. <b>Profit/(Loss) for the period</b>		<b>(1,641.74)</b>	(2,153.35)
<b>Other Comprehensive Income</b>			
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		4.34	(7.08)
<b>Total other comprehensive income for the year</b>		<b>4.34</b>	(7.08)
<b>Total comprehensive income for the year</b>		<b>(1,637.40)</b>	(2,160.44)
X. <b>Earnings per equity share:</b>	41		
(1) Basic		(4.96)	(6.54)
(2) Diluted		(4.96)	(6.54)

The accompanying notes 1 to 50 are an integral part of these standalone 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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

# ANNUAL REPORT 2021-22

## Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2022

		(₹ in lakhs)	
Particulars	As at		As at
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2021
<b>A Cash flow from operating activities</b>			
Profit/(Loss) before exceptional items & tax	(1,749.34)		(1,913.82)
Adjustment for:			
- Depreciation	87.81		128.91
- Profit on Sale of Current Investments	-		(38.74)
- (Profit) / loss on sale of fixed assets (net)	(139.34)		0.02
- Interest (Net)	1,440.02		1,389.65
- Other comprehensive income	4.34		(7.08)
	<u>1,392.82</u>		<u>1,472.75</u>
Operating profit/(Loss) before working capital changes	(356.52)		(441.07)
Adjustment for :			
- Trade receivables	26.24		(28.86)
- Other receivables	3,369.28		584.56
- Inventories	260.13		10.58
- Trade payables	(151.43)		(393.34)
	<u>3,504.22</u>		<u>172.94</u>
Cash generated from operations	<u>3,147.70</u>		<u>(268.14)</u>
	<u>(41.47)</u>		<u>-</u>
	<u>(41.47)</u>		<u>-</u>
<b>Cash flow before prior period items, exceptional items &amp; extraordinary items</b>	<u>3,106.23</u>		<u>(268.14)</u>
- Exceptional items	203.37		(337.54)
<b>Net Cash flow from operating activities</b>	<u>3,309.60</u>		<u>(605.67)</u>
<b>B Cash flow from investing activities :</b>			
- Purchase of fixed assets	(19.60)		(2.08)
- Sale of fixed assets	643.92		94.15
- Net off Sales & Purchase of Current investments	9.39		71.56
- Interest received	328.09		449.04
<b>Net cash from investing activities</b>	<u>961.80</u>		<u>612.67</u>
<b>C Cash flow from financing activities :</b>			
- Total proceeds from borrowings (net of repayments)	(188.74)		(154.66)
- Interest paid	(102.88)		(74.58)
<b>Net cash from financing activities</b>	<u>(291.62)</u>		<u>(229.24)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>3,979.77</u>		<u>(222.24)</u>
Cash and cash equivalent as on 01.04.2021 (opening balance)	296.99		519.23
Cash and cash equivalent as on 31.03.2022 (closing balance)	<u>4,276.76</u>		<u>296.99</u>
<b>Cash and cash equivalent comprise of:</b>			
a) Balances with banks [Refer note 13a]			
In current accounts	91.05		72.52
In deposit accounts (maturity less than 3 months at inception)	4,185.25		223.63
b) Cash on hand [Refer note 13a]	0.47		0.84
<b>Total</b>	<u>4,276.76</u>		<u>296.99</u>

The accompanying notes 1 to 50 are an integral part of these standalone financial statements

Note: The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

**Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2022****A. Equity Share Capital**

(₹ in lakhs)			
Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	16	<b>3,303.30</b>	3,303.30
Changes in equity share capital due to prior period errors		-	-
<b>Restated balance at the beginning of the year</b>		<b>3,303.30</b>	3,303.30
Changes in equity share capital during the year		-	-
<b>Balance as at the end of the year</b>	16	<b>3,303.30</b>	3,303.30

**B. Other Equity**

(₹ in lakhs)						
Particulars	Equity component of compound financial instruments	Reserves and Surplus				Total
		Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	
<b>Balance as at 1<sup>st</sup> April, 2020</b>	<b>774.33</b>	<b>77.57</b>	<b>8,713.65</b>	<b>18.58</b>	<b>(17,680.79)</b>	<b>(8,096.66)</b>
Changes in accounting policy or prior period item	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	774.33	77.57	8,713.65	18.58	(17,680.79)	(8,096.66)
Profit/(loss) for the year	-	-	-	-	(2,153.35)	(2,153.35)
Other Comprehensive Income for the year						
- Remeasurement of net defined benefit plans	-	-	-	-	(7.08)	(7.08)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,160.44)</b>	<b>(2,160.44)</b>
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>774.33</b>	<b>77.57</b>	<b>8,713.65</b>	<b>18.58</b>	<b>(19,841.23)</b>	<b>(10,257.10)</b>
Changes in accounting policy or prior period item	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	774.33	77.57	8,713.65	18.58	(19,841.23)	(10,257.10)
Profit/(loss) for the year	-	-	-	-	(1,641.74)	(1,641.74)
Other Comprehensive Income for the year						
- Remeasurement of net defined benefit plans	-	-	-	-	4.34	4.34
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,637.40)</b>	<b>(1,637.40)</b>
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>774.33</b>	<b>77.57</b>	<b>8,713.65</b>	<b>18.58</b>	<b>(21,478.63)</b>	<b>(11,894.50)</b>

The accompanying notes 1 to 50 are an integral part of these standalone 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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary

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## 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 14<sup>th</sup> October, 2014 has clarified that only those note 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, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42 & 43 represent the numbers and required disclosures of the parent and accordingly are best viewed in independent standalone financial statement.

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5 (a) Investments accounted for using equity method			(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
<b>Investment in equity shares of associate Company</b>			
<b>Unquoted equity shares</b>			
300 Equity Share of AED 1000 each of Soma Textile FZC.	-	1.74	
Goodwill recognized at the time of investment	23.12	26.67	
Less: Provision for Diminution in the value Investment	(23.12)	-	
<b>Total Investments accounted for using equity method</b>	-	28.41	

5 (b) Financial Assets			(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
<b>Non-current Investment</b>			
Investment in NCD	144.62	126.47	
100 (31 <sup>st</sup> March, 2021: 100) units in Samasta Micro Finance Ltd.			
<b>Investment in equity shares of others</b>			
<b>Unquoted equity shares</b>			
(5 Shares of Rs. 100/- each in Poonam Apt. Association )	0.01	0.01	
<b>Total non-current investments</b>	144.63	126.48	

17 Other equity			(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
<b>a. Capital Reserves (Other than Capital Contribution)</b>			
As per last Balance Sheet	77.57	77.57	
<b>b. Equity Component of Compound Financial Instruments - Preference Share capital</b>			
As per last Balance Sheet	774.33	774.33	
<b>c. Securities Premium Account</b>			
As per last Balance Sheet	8,713.65	8,713.65	
<b>d. General Reserve</b>			
As per last Balance Sheet	18.58	18.58	
<b>d. Surplus</b>			
As per last Balance Sheet	(19,841.23)	(17,680.79)	
Profit/(Loss) for the period	(1,637.40)	(2,160.44)	
<b>Closing Balance</b>	<b>(21,478.63)</b>	<b>(19,841.23)</b>	
<b>Total</b>	<b>(11,894.50)</b>	<b>(10,257.10)</b>	

### 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) Equity Component of Compound Financial Instruments

Equity Component of Compound Financial Instruments represent residual amount after deducting liability component from the fair value of the compound financial instrument.

#### c) 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.

#### d) 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.

<b>30 Exceptional items represent</b>		<b>(₹ in lakhs)</b>	
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>	
Foreign Exchange fluctuation on loan - Soma Textile FZC	<b>264.82</b>	(337.54)	
Allowance for Obsolete Inventory	<b>(79.16)</b>	-	
Investment written off Provision	<b>(23.12)</b>	-	
Liabilities no longer required written back	<b>51.92</b>	-	
<b>Total</b>	<b>214.47</b>	<b>(337.54)</b>	

<b>41 Disclosure pursuant to Indian Accounting Standard (Ind AS) - 33 : Earnings Per Share</b>		<b>(₹ in lakhs)</b>	
<b>Particulars</b>		<b>Year ended 31<sup>st</sup> March, 2022</b>	<b>Year ended 31<sup>st</sup> March, 2021</b>
Profit/(Loss) after Tax (₹ in lakhs)	A	<b>(1,637.40)</b>	(2,160.44)
Weighted Average number of Equity Shares	B	<b>3,30,33,000</b>	3,30,33,000
Nominal Value Per Share (₹)		<b>10.00</b>	10.00
Basic and diluted Earning /(loss) per share (in ₹)	C = A/B	<b>(4.96)</b>	(6.54)

#### **44 Other statutory information**

- i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of The Group (ultimate beneficiaries) or
  - b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- v) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- vi) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- vii) The Group is not declared wilful defaulter by any bank or financials institution or lender during the year.
- viii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- ix) The Group does not have borrowings from banks/financial institutions on the basis of security of current assets during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.
- x) The title deeds of all the immovable properties, (other than immovable properties where the Group is the lessee and the lease agreements are duly executed in favour of the Group) disclosed in the financial statements included in property, plant and equipment are held in the name of the Group as at the balance sheet date.
- xi) The Group does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.
- xii) The Group has not entered into any scheme of arrangement approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 which has an accounting impact during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

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- xiii) The Group is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 since, there is no average profit in the last 3 years calculated as per the provisions of the Act.

### 45 Disclosure of additional information as required by Division II of Schedule III to the Companies Act, 2013

(₹ in Lakhs)

Name of the entity in the group	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
<b>1. Parent</b>								
Soma Textiles & Industries Ltd.	100.00%	(8571.75)	99.68%	(1636.45)	100.00%	4.34	99.68%	(1637.40)
<b>2. Associate</b> (Investment accounted as per the Equity Method)								
<b>Foreign</b>								
Soma Textiles FZC	0.00%	-	0.32%	(5.29)	0.00%	-	0.32%	(5.29)
<b>Total</b>	<b>100.00%</b>	<b>(8571.75)</b>	<b>100.00%</b>	<b>(1641.74)</b>	<b>100.00%</b>	<b>4.34</b>	<b>100.00%</b>	<b>(1642.69)</b>

- 46** 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 31<sup>st</sup> March, 2022. Accordingly, no disclosure are required to be made under said act.
- 47** Company has entered into a Registered Development Agreement on 20<sup>th</sup> 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).
- 48** The Code on Social Security, 2020('Code') relating to employee benefits during employment and post - employment benefits received Indian Parliament approval and Presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 49** Security Exchange Board of India (SEBI) vide its Order Number WTM /AB/IVD/ID4/10343/2020 dated 8<sup>th</sup> February 2021 declared the GDR Issue made by the company in October 2006 violated provisions of Section 12 A (a) of SEBI Act 1992 read with regulations 3(b) and 4 (1) of PFUTP regulations, 2003 and directed that Soma Textiles & Industries Limited, Promoter Directors, Executive Director and other of that period (2006-07) are debarred respectively for 3,2 years from the date of the order from accessing the security market and further prohibited from buying, selling or otherwise dealing in securities including units of mutual funds directly or indirectly or being associated with the security market in any manner. The company, Promoter Directors, Executive Director and others preferred an appeal against the order of SEBI before the Security Appellate Tribunal (SAT) and the matter is kept for hearing on 30<sup>th</sup> May, 2022 and therefore the matter is sub judice.
- 50** Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1<sup>st</sup> April, 2021.

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 : 13<sup>th</sup> May, 2022

**S. K. SOMANY** Chairman  
**A. K. SOMANY** Managing Director  
**SHRIKANT BHAT** Chief Financial Officer  
**A. K. MISHRA** Company Secretary



**SOMA TEXTILES & INDUSTRIES LTD.**

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