

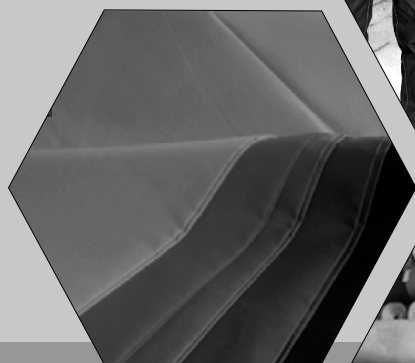
**FORM A****Format of covering letter of the annual audit report to be filed with the stock exchange**

<b>1</b>	Name of the Company:	<b>Soma Textiles &amp; Industries Limited</b>
<b>2</b>	Annual financial statements for the year ended	<b>31<sup>st</sup> March, 2015</b>
<b>3</b>	Type of Audit observation	<b>Un-qualified</b>
<b>4</b>	Frequency of observation	<b>N.A</b>
<b>5</b>	<b>To be signed by:</b>	
	CEO/Managing Director	 Arvind Somany Managing Director
	CFO	 M. B. Parakh (Chief Financial Officer)
	Auditor of the Company	 Pipara & Company Chartered Accountants
	Audit Committee Chairman	 B. K. Hurkat Chairman Audit Committee



# **SOMA TEXTILES & INDUSTRIES LIMITED**

**77<sup>th</sup> ANNUAL REPORT  
2014-2015**



CONSISTENT  
QUALITY THAT  
INSPIRES  
FAITH  
GLOBALLY





# **77<sup>th</sup> Annual Report 2014-2015**

**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. Loyalka - Non-Executive Independent Director  
 Late B. L. Dhoot - Non-Executive Independent Director (up to 31-10-2014)  
 Shri S. C. Mathur - Nominee Director – IDBI Bank Limited (up to 09-02-2015)

**COMPANY SECRETARY**

Shri R. S. Sharma

**AUDITORS**

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

**BANKERS**

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

**REGISTERED OFFICE**

2, Red Cross Place, Kolkata - 700 001  
 Ph. No. : 033-22487406/07  
 CIN: L51909WB1940PLC010070  
 E-mail: investors@somatextiles.com  
 Website: www.somatextiles.com

**WORKS**

Rakhial Road, Ahmedabad - 380 023

**REGISTRAR & TRANSFER AGENT**

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

**BRANCH OFFICE AT :**

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

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## ***NOTICE OF THE 77<sup>th</sup> ANNUAL GENERAL MEETING TO THE SHAREHOLDERS***

NOTICE is hereby given that the Seventy Seventh (77<sup>th</sup>) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001, on Thursday, the 17<sup>th</sup> day of September, 2015 at 2-30 P.M. to transact the following business:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2015, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit & Loss and Cash Flow Statement for the financial year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. K. Somany (DIN: 00001131), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### **SPECIAL BUSINESS:**

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

4. **Appointment of Shri M. H. Shah, as an Independent Director.**

#### **As an Ordinary Resolution**

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri M. H. Shah (holding DIN 01394920), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 10<sup>th</sup> February, 2015, and who holds office as an Additional Director upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 10<sup>th</sup> February, 2015."

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

5. **Appointment of Smt. N. Loyalka, as an Independent Director**

#### **As an Ordinary Resolution**

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161(4) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Smt. N. Loyalka (holding DIN 07094208), who has already been appointed as an Independent Director, not liable to retire by rotation, by the Board of Directors, to fill the casual vacancy, caused by death of Late B. L. Dhoot, effective from 11<sup>th</sup> February, 2015, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby confirmed and approved, to hold office for a term of five consecutive years with effect from 11<sup>th</sup> February, 2015."

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

6. **Re-appointment of Shri Shrikant Bhat as Whole-time Director, designated as Executive 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, 1956 ("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) and subject to the approval of Central Government, if required, and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities while granting such approvals, permissions and sanctions 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 Shrikant Bhat, the consent of the Company be and is hereby accorded to the re-appointment of Shri Shrikant Bhat (Shri Bhat), as Whole-time Director, designated as Executive Director, being a Key Managerial Personnel, of the Company, who shall be subject to retirement by rotation in terms of Section 152 read with other relevant provisions including Section 160 of the Companies Act, 2013 for a period of Three (3) years with effect from 18<sup>th</sup> January, 2016 to 17<sup>th</sup> January, 2019, on such remuneration by way of



salary, bonus/ex-gratia in lieu of bonus, perquisites, allowances and/or benefit(s), 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 of the Companies Act, 2013 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 Bhat of the OTHER PART, and duly specified in the Statement, annexed to the Notice of 77<sup>th</sup> 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 Bhat, a Whole-time Director, designated as Executive 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 Whole-time Director, designated as Executive 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, bonus/ex-gratia in lieu of bonus, perquisites and allowances) payable to Shri Bhat 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 Bhat 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 Bhat shall be suitably modified to give effect to such variation or increase as the case may be."

"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove where in any financial year during the term of employment of Shri Bhat, the Company has no profits or its profits are inadequate, the Company do pay to Shri Bhat, subject to requisite approval, the existing remuneration or the revised remuneration, as may be approved by the Board, as a "Minimum Remuneration" per month by way of salary, bonus/ex-gratia in lieu of bonus, 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 unless otherwise prior approval of the Central Government is obtained if and to the extent necessary."

"RESOLVED FURTHER THAT, in the event Central Government approval is sought for, the remuneration payable to Shri Bhat, as set out in 'Draft Agreement' and also in the Statement annexed to the Notice of 77<sup>th</sup> AGM and referred to hereinabove will be subject to such modifications/amendments/changes as the Central Government may suggest or require or direct and which the Board of Directors/Nomination and Remuneration Committee is authorised to accept on behalf of the Company and as may be acceptable to Shri Bhat."

"RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule 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."

## **7. Remuneration to the Cost Auditors for the Financial Year ending 31<sup>st</sup> March, 2016**

### **As an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014, framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in

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force), M/s. N. D. Birla & Company, the Cost Auditors, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016, be paid the remuneration by way of Cost Audit Fee of ₹ 48,000/- plus service tax, as applicable and reimbursement of out of pocket expenses, if any, incurred in connection with such audit.”

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

## Registered Office:

2, Red Cross Place,  
Kolkata – 700 001  
Dated : 30<sup>th</sup> May, 2015

## By order of the Board

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

## Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT ANY OTHER PERSON AS HIS/HER PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ATTACHED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF COMMENCEMENT OF THE MEETING.**

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

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means (remote e-voting). The facility for voting through Ballot Paper will also be made available at the AGM and the members attending the AGM who have not cast their votes by remote e-voting shall be able to exercise their votes at the AGM through Ballot Paper. Members who have cast their votes by remote e-voting prior to the AGM, may attend the AGM, but shall not be entitled to cast their votes again. Instructions and other information relating to e-voting are given in this Notice under Note No. 20.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business under Item Nos. 4, 5, 6 & 7, to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of this Notice.
4. Corporate Members/Trust/Society intending to send their authorized representatives for attending the Annual General Meeting are requested to send to the Company a duly certified copy of the Board/Managing Committee Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
5. In case of Joint Holders attending the Meeting only such Joint Holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 8<sup>th</sup> September, 2015 to Thursday, the 17<sup>th</sup> September, 2015 (both days inclusive) for the purpose of Annual General Meeting of the Company.
7. Members, holding Shares in electronic form are requested to notify change in their registered address, if any, to their Depositories Participants (‘DP’) with whom they are maintaining their demat accounts. Members, holding Shares in physical form are requested to notify change in their registered address, if any, quoting their folio number to the Company and/or Sharepro Services (India) Private Limited, the Registrar & Transfer Agents (RTA) of the Company.
8. 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 Sharepro Services (India) Private Limited, the Registrar & Share Transfer Agents, for consolidation into a single folio.
9. Members/Proxies are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and the Rules made thereunder (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), all unclaimed or unpaid dividends declared up to and including the financial year ended 31<sup>st</sup> March, 1995 have already been transferred to the General Revenue Account of the Central Government as required by the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those Shareholders, who have, so far, not claimed or collected the dividends up to the aforesaid financial years, may claim their dividend from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata – 700 020 by submitting to them an application in Form II, prescribed under the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government), Rules 1978.



11. Pursuant to the provisions of Section 205A(5) read with Section 205C of the Companies Act, 1956, as amended (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), the Company has transferred all the unpaid and/or unclaimed dividends up to the financial year ended 31st March, 1998, from time to time on due dates, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. The Company has however not declared any dividend thereafter since the financial year ended 31<sup>st</sup> March, 1999 and up to the year ended 31<sup>st</sup> March, 2015, and therefore uploading of details of unpaid and unclaimed amounts lying with the Company as on 29<sup>th</sup> August, 2014 (date of last Annual General Meeting) on the website of the Company i.e. [www.somatextiles.com](http://www.somatextiles.com) and also on the website of the Ministry of Corporate Affairs, as required pursuant to the provisions of the provisions of Investors Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the Companies Rules, 2012, does not arise.

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

12. 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).

13. Electronic copy of the Annual Report for 2014-15 comprising the Notice of the 77<sup>th</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all Members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same.

For members who have not registered their email address, physical copies of the Annual Report for 2014-15 comprising the Notice of the 77<sup>th</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.

14. Members who wish to obtain any information, on the Company or its Accounts and operation may send their queries to the Company at least ten (10) days before the Meeting so as to enable the management to keep the information ready at the Meeting.

15. Members may also note that the Notice of the 77<sup>th</sup> Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website [www.somatextiles.com](http://www.somatextiles.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection during normal business hours on working days.

16. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the Company's investor email id: [investors@somatextiles.com](mailto:investors@somatextiles.com).

17. Members who hold shares in dematerialised form are requested to bring their Depository ID and Client ID Numbers for easier identification of attendance at the Annual General Meeting.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant's in securities market. Members holding Shares in electronic form (D-MAT) are therefore requested to submit their PAN to their concerned Depository Participants ('DP'). Members holding Shares in physical form can submit their PAN to the Company or its Registrar and Transfer Agents (RTA).

19. All documents referred to in the notice and the statement required the approval of the Members at the Meeting and shall be available for inspection by the Members at the Registered Office of the Company during office hours on all working days between 12:00 Noon and 2:00 P.M. on all days except Saturdays, Sundays and public holidays, from the date hereof up to the date of the annual general meeting.

## **20. Voting through electronic means**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Rules framed thereunder duly amended and Clause 35B of the Listing Agreement, the Members are provided with the facility to cast their vote by using an electronic voting system from a place other than venue of the AGM ('remote e-voting'), through the e-voting services provided by Central Depository Services India Limited ("CDSL") on all the resolutions set forth in this Notice. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting may attend the AGM, but shall not be entitled to cast their votes again at the AGM.

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

- (i) The e-voting period commences on Monday, the 14<sup>th</sup> September, 2015 (9:00 A.M. IST) and ends on Wednesday, the 16<sup>th</sup> September, 2015 (5:00 P.M. IST). During this period, Shareholders of the Company,



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holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 10<sup>th</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- (ii) Log on to the e-voting website **www.evotingindia.com**
- (iii) Click on "Shareholders" tab
- (iv) Now, select the **"Electronic Voting Sequence Number (EVSN) – 150806017** along with **"SOMA TEXTILES AND INDUSTRIES LIMITED"** from the drop down menu and click on **"SUBMIT"**.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below (Applicable for both demat shareholders as well as physical shareholders).
- (ix) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and last 8 digits of the sequence number in PAN Field. The Sequence Number is printed on a separate sheet enclosed (with Annual Report).</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's (Zero's) before the number, after the first two characters of the name in CAPITAL letters. Eg.: If your name is Ravi Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (x) After entering these details appropriately, click on "SUBMIT" tab.
- (xi) 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.
- (xii) You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for future Communication(s).
- (xiii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this AGM Notice.
- (xiv) Click on the EVSN (Electronic Voting Sequence Number) of **"SOMA TEXTILES & INDUSTRIES LIMITED"** to vote.
- (xv) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xvi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions.
- (xvii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xviii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xix) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xx) If Demat account holder has forgotten the same password then Enter the User ID and the Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- (xxi) Note for Non-Individual Shareholders and Custodians:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to **<https://www.evotingindia.co.in>** and register themselves as **Corporates**.
  - 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.
- (xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQ”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxiii) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice of AGM and holds shares as on the cut-off date i.e. 10th September, 2015, may obtain the User ID and Password by sending a request (alongwith Name, Folio No./DP ID & Client ID, as the case may be and shareholding) to RTA at [sharepro.ahmedabad@shareproservices.com](mailto:sharepro.ahmedabad@shareproservices.com) to vote through remote e-voting procedure.
- (xxiv) 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.
- (xxv) The voting rights of the Members shall be in proportion to the paid-up value of their shares in the Equity Capital of the Company as on the cut-off i.e. 10<sup>th</sup> September, 2015. A person, whose name is recorded in the Register of Members / Lists of Beneficial Owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot.
- (xxvi) In case of members receiving the physical copy they are advised to follow all the steps from serial no. (ii) to (xxi).
- II. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote (including through e-mail) to the Scrutinizer at its e-mail [droliapravin@yahoo.co.in](mailto:droliapravin@yahoo.co.in) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) before the closing hours on 8<sup>th</sup> September, 2015 without which the vote shall not be treated as valid.
- III. Mr. P. K. Darolia, Practising Company Secretary (Membership No. 2366, Certificate of Practice No.1362), Kolkata, has been appointed as the Scrutinizer for conducting the remote e-voting process (including Ballot Paper received from Members at the AGM), in a fair and transparent manner.
- IV. At the AGM, at the end of discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, order voting through ballot paper for all those members who are present but have not cast their votes electronically using the remote e-voting.
- V. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the AGM, a Consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same and shall declare the results of the voting forthwith. The manner in which the members have cast their votes shall remain secret and not made available to the Chairman, Scrutinizer or any other person till the votes are cast in the AGM.
- VI. The Results on Resolutions shall be declared after receiving Consolidated Scrutinizer’s Report of the total votes cast, by the Chairman of the Company or by any other persons duly authorized in this regard. The Resolutions will

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be deemed to be passed on the date of Annual General Meeting subject to receipt of the requisite number of votes. The Results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website [www.somatextiles.com](http://www.somatextiles.com) and on the website of CDSL immediately after the result is declared and simultaneously, communicated to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), where the equity shares of the Company are listed, for placing the results on its and their website.

21. Members can choose only one of the two options, namely e-voting (remote e-voting) or voting by means of Ballot Paper at the AGM. In case the votes are casted through both the formats, then votes casted through remote e-voting shall prevail over those votes casted by means of Ballot Paper at the AGM and the vote cast by means of Ballot Paper shall be treated as invalid and cancelled.

### IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with the Registrar and Share Transfer Agent (RTA) Messrs Sharepro Services (India) Pvt. Ltd., unit-Soma Textiles & Industries Limited, at 13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinaka, Andheri East, Mumbai – 400 072, quoting their folio nos. at E-mail ID – [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com) or at its branch office at Office No. 416-420, Devnandan Mega Mall, 4<sup>th</sup> Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad – 380 006, at E-mail ID – [sharepro.ahmedabad@shareproservices.com](mailto:sharepro.ahmedabad@shareproservices.com)

**Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment and the Director proposed to be re-appointed as the Whole-time Director, designated as Executive Director, being a Key Managerial Personnel at the 77<sup>th</sup> Annual General Meeting of the Company, as required under revised Clause 49 (VIII) (E) of the Listing Agreement:-**

Shri S. K. Somany (DIN: 00001131), aged about 84 years, is an Industrialist and a promoter of the Company. He is a graduate in Commerce. Shri Somany has enriched himself with a business experience of over 6 decades and has a rich and vast all-round knowledge and experience in the business of Ceramic, Glass and Textiles Industry. He is currently a Director and Chairman of the Company. Shri Somany is a member of the Nomination and Remuneration Committee, re-constituted in line with requirements of 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement on Corporate Governance and also a member of Audit Committee of the Company, constituted in line with requirements of 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement on Corporate Governance. He is also Chairman of Share Transfer Committee & Stakeholders Relationship Committee of the Company, re-constituted in line with requirements of 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement on Corporate Governance. Shri S. K. Somany holds 43,68,274, constituting 13.22% of the Equity Share Capital of the Company.

Shri Somany is holding directorship in (a) The Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited, (b) Nav Bharat Refrigeration & Industries Limited (c) Simplex Reality Limited, (d) Shreelekha Global Finance Limited and (e) Somany Evergreen Knits Limited. He is Chairman of Somany Evergreen Knits Limited.

He is also the chairman and member of the Committees of the following Companies:-

Name of Company	Name of Committees	As Chairman/ Members
Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited	Audit Committee Nomination and Remuneration Committee	Chairman Member
Simplex Reality Limited	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	Member Member Chairman
Nav Bharat Refrigeration & Industries Limited	Share Transfer cum Stakeholders Relationship Committee	Chairman

Shri Somany retires from the Board by rotation at this meeting and being eligible, offers himself for re-appointment as Director of the Company.

Shri Shrikant Bhat (DIN: 00650380) ('Shri Bhat'), aged about 50 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 23 years. Shri Bhat was appointed as an Additional Director and a Whole time Director designated as an Executive Director of the Company, liable to retire by rotation with



effect from 18<sup>th</sup> January, 2008 and further re-appointed as an Executive Director for a period of Three (3) years effective from 18<sup>th</sup> January, 2013. Shri Bhat holds office of Director in (a) Somany Evergreen Knits Limited and (b) IDA Gunji Consultancy Private Limited. Shri Bhat does not hold any shares in the Company

Shri Shrikant Bhat's present term of appointment expires by efflux of time on 17<sup>th</sup> January, 2016. Therefore his re-appointment for further term of 3 years effective from 18<sup>th</sup> January, 2016, was to be considered, well in advance to seek Shareholders approval at the ensuing Annual General Meeting of the Company.

**Registered Office:**

2, Red Cross Place,  
Kolkata – 700 001  
Dated : 30<sup>th</sup> May, 2015

**By order of the Board****R. S. Sharma**

(Company Secretary & Compliance Officer)

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

Shri M. H. Shah ('Shri Shah') was appointed by the Board of Directors ('the Board') as an Additional Director of the Company with effect from 10<sup>th</sup> February, 2015, pursuant to the provisions of Section 161 of the Companies Act, 2013 ('the Act'), read with Article 91 of the Articles of Association of the Company.

Shri Shah will hold office as Additional Director up to the date of forthcoming Annual General Meeting ('AGM') as per the aforesaid provisions. The Company has received a Notice in writing from a Member along with the requisite deposit of money proposing the candidature of Shri Shah for the office of Director under the provisions of Section 160 of the Act.

The Company has received from Shri Shah requisite consent, intimation and a declaration in connection with his appointment as an Independent Director.

In the opinion of the Board, Shri Shah fulfills the conditions specified in the Act and the Rules made thereunder for being appointed as an Independent Director of the Company and that he is independent of the management of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Shri Shah as an Independent Director. Accordingly, the Board recommends the resolution set out under item no. 4 of the Notice for approval of the Members, in relation to appointment of Shri Shah as an Independent Director of the Company for a period of five years from 10<sup>th</sup> February, 2015, pursuant to the provisions of Section 149 read with Schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of Section 149(13) of the Act, Shri Shah shall not be liable to retire by rotation.

A copy of the draft letter of appointment of Shri Shah as an Independent Director of the Company setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office during normal business hours on working days upto the date of the AGM and will also be available at the venue of the meeting.

Except Shri Shah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item no. 4 of the accompanying Notice of Seventy-seventh (77<sup>th</sup>) Annual General Meeting of the Company.

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

**Item No. 5**

Smt. N. Loyalka ('Smt. Loyalka') was appointed by the Board of Directors ('the Board') as an Independent Director of the Company in casual vacancy, caused by death of Late B. L. Dhoot, with effect from 11<sup>th</sup> February, 2015, pursuant to the provisions of Section 161(4) of the Companies Act, 2013 ('the Act'), read with amended Clause 49(II)(D)(4) & 49(II)(D)(5) of the listing agreement, as revised by SEBI vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 and Article 92 of the Articles of Association of the Company.

The Company has received a Notice in writing from a Member along with the requisite deposit of money proposing the candidature of Smt. Loyalka for the office of Director under the provisions of Section 160 of the Act.

The Company has received from Smt. Loyalka requisite consent, intimation and a declaration in connection with his appointment as an Independent Director.

In the opinion of the Board, Smt. Loyalka fulfills the conditions specified in the Act and the Rules made thereunder for being appointed as an Independent Director of the Company and that he is independent of the management of the Company.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Smt. Loyalka as an Independent Director. Accordingly, the Board recommends the resolution set out under item no. 5 of the Notice for approval of the Members, in relation to appointment of Smt. Loyalka as an Independent Director of the Company for a period of five years from 11<sup>th</sup> February, 2015, pursuant to the provisions of Section 149 read with Schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of Section 149(13) of the Act, Smt. Loyalka shall not be liable to retire by rotation.

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A copy of the draft letter of appointment of Smt. Loyalka as an Independent Director of the Company setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office during normal business hours on working days up to the date of the AGM and will also be available at the venue of the meeting.

Except Smt. Loyalka, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item no. 5 of the accompanying Notice of Seventy-seventh (77<sup>th</sup>) Annual General Meeting of the Company.

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

### **Item No. 6**

At the 74<sup>th</sup> Annual General Meeting (AGM) of the Company held on 19<sup>th</sup> September 2012, the Members had approved of the appointment and terms of remuneration of Shri Shrikant Bhat ('Shri Bhat') as Whole-time Director designated as Executive Director of the Company for a period of Three (3) years from 18<sup>th</sup> January, 2013 to 17<sup>th</sup> January, 2016, as specified in the Explanatory Statement annexed to the Notice of the 74<sup>th</sup> AGM.

The present tenure of Shri Shrikant Bhat ("Shri Bhat") as rotational Whole-time Director designated as Executive Director of the Company liable to retire by rotation, will expire by an efflux of time on 17<sup>th</sup> January, 2016.

The Board of Directors of the Company ('the Board') at its meeting held on 30<sup>th</sup> May, 2015, have re-appointed Shri Bhat as Whole-time Director, designated as Executive Director, being a Key Managerial Personnel, for a period of 3 (Three) years, effective from 18<sup>th</sup> January, 2016.

Shri Bhat, aged about 50 years, is a Commerce Graduate and Chartered Accountant from the Institute of Chartered Accountants of India (ICAI) and has over 23 years of working experience with Corporates including about 13 years with our Company. He has rich experience of managing Corporate Finance, Financial planning and analysis, taxation and Financial Restructuring.

At its meeting held on 30<sup>th</sup> May, 2015, the Board, has, subject to approval of the Shareholders in the ensuing 77<sup>th</sup> Annual General Meeting (AGM) at the recommendation of Nomination and Remuneration Committee, approved the remuneration payable to Shri Bhat, upon his re-appointment as Whole-time Director, designated as Executive Director, being a Key Managerial Personnel, within and up to the ceiling or maximum limit for the remuneration of the whole-time Director, as have been determined, fixed subject to overall ceiling contained in Section 197, read with Schedule V to the Companies Act, 2013 ('the Act') and other applicable provisions, if any of the Act and herein proposed by the Board with absolute authority to the Board to decide, fix and thereafter revise the remuneration of Shri Bhat, from time to time for a given year/period within and upto the maximum limit for remuneration of whole-time Director as herein proposed and contained in the Draft Agreement to be entered into between the Company and Shri Bhat, subject to overall permissible limit laid down under Sections 197 and all other applicable provisions of the Companies Act, 2013 or any amendments thereto as may be made from time to time or under the Companies Act, as may be re-codified.

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

#### **1) Period of Appointment:**

Three (3) years, effective from 18<sup>th</sup> January, 2016.

#### **2) Nature of Duties:**

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

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

Shri Bhat, Executive Director, shall be entitled to the following remuneration with effect from 18<sup>th</sup> January, 2016 for the period of his office from 18<sup>th</sup> January, 2016 to 17<sup>th</sup> January, 2019 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 ₹ 1,36,623/- per month, with such increments and/or accelerated increments as may be decided by the Board of Directors of the Company, first increment from 1<sup>st</sup> April, 2016 and thereafter from 1<sup>st</sup> April each year, upon due recommendation of the Nomination and Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites or allowances related to and depending upon the quantum of salary, within and up to a maximum of ₹ 5,00,000/- per month.

Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time subject to within and upto a maximum Salary of ₹ 5 Lacs per month or ₹ 60 Lacs per annum.



- B) Bonus/Ex-gratia, in lieu of Bonus** In addition to Salary, Shri Bhat shall also be entitled to bonus/ex-gratia in lieu of bonus, subject to ceiling of one month's salary for each financial year or as may be fixed and determined by the Board of Directors of the Company from time to time at its absolute discretion, within and up to such amount or percentage of Bonus/Ex-gratia, as may be decided by the Board/Nomination and Remuneration Committee of the Company at its discretion from time to time, subject however up to and within an overall ceiling prescribed in Section 197, read with Schedule V to the Companies Act, 2013. (5% of the net profits in case of one whole-time Director and 10% of the net profits for more than one whole-time Director)
- C) Perquisites Allowances & Benefits** In addition to Salary & Bonus/Ex-gratia, in lieu of Bonus, Shri Bhat shall also be entitled to all the following perquisites, allowances & benefits, subject however to a ceiling restricted to 100% of his annual Salary.

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

**CATEGORY – A**

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

**Housing**

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

*Explanation:*

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

**Medical Reimbursement**

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

**Leave Travel Concession**

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

**Club Fees**

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

**Personal Accident Insurance**

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

**Other benefits and Allowances**

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

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

*Explanation:*

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

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

**CATEGORY – B**

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

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- iii) Encashment of Leave at the end of the tenure will be permitted as per the Rules of the Company and will not be included in the computation of the ceiling on perquisites.

These perquisites as specified in paragraph 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.

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

### **CATEGORY – C**

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

Provided the aggregate of remuneration payable by way of salary, bonus/ex-gratia in lieu of bonus and perquisites, allowances and benefits to Shri Bhat, as contemplated under Clauses (A), (B) and (C) of the Remuneration clause 3 above shall not, in any financial year exceed the overall ceiling stipulated in Sections 197 and other applicable provisions of the Act read with Schedule V of the Act (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director as calculated in accordance with Section 197 of the Act).

### ***Overall Remuneration***

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Managing Director and Executive Director(s) as calculated in accordance with Section 197 and other applicable provisions of the Companies Act, 2013 for each financial year, 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, in any financial year(s) during the currency of tenure of office of Shri Bhat, the Company shall pay him in respect of such financial year(s) remuneration by way of consolidated salary, Bonus or Ex-gratia in lieu of Bonus, perquisites and allowances as minimum remuneration as he may be then drawing as specified in Clauses (A), (B) & (C) of the Remuneration Clause 3 above, subject to an overall limits laid down under Section II of the Part II of Schedule V to the Companies Act, 2013, 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, 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.

### ***Sitting Fee***

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

### ***Other Terms***

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

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

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

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

### ***Retirement by Rotation***

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

**Termination**

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

**Service of Notice**

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

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

The limits specified in the Statement attached to this Notice of 77<sup>th</sup> AGM in regard to Resolution set out at item No. 6 are only the maximum limits and the Board may in exercise of the delegated authority pay Shri Bhat, a lower remuneration and may revise the same from time to time within the maximum limits stipulated in the Statement attached to the notice forming part of the Resolution.

However, in the absence, or inadequacy of profits in any financial year, during the tenure of Shri Bhat, Executive Director of the Company, the minimum remuneration payable by the Company to him by way of salary, bonus/ex-gratia in lieu of bonus and perquisites shall not exceed the maximum limit of ₹ 60 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, unless otherwise approved by the Central Government, as envisaged under the said Schedule V of the Act.

Therefore, any payment of remuneration to Shri Bhat in excess of ₹ 60 Lacs plus 0.01% of the effective capital in excess of ₹ 250 Crores, which is the maximum permissible under Section II(A) of Part II of Schedule V to the Act, would require the approval of the Central Government, as prescribed under the Act.

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

Accordingly this Resolution at item no. 6 is intended for seeking Members' approval to this Resolution which fixes the ceiling or the maximum limit for remuneration payable to Shri Bhat, Whole-time Director, designated as Executive Director, being a Key Managerial Personnel, and delegates authority to the Board to decide on the specifics of changes in Remuneration for Shri Bhat, under the provisions of Sections 197 and other applicable provisions of the Companies Act, 2013, and modification(s) thereto, and also for the purpose of seeking approval to the appointment of and Remuneration payable to Shri Bhat, within the overall limits as specified and laid down by the Company.

The Board therefore recommends passing of this Resolution by Members of the Company.

**MEMORANDUM OF INTEREST**

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

**INSPECTION OF DOCUMENTS**

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

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

The terms and conditions of re-appointment and remuneration payable to Shri Bhat as Whole-time 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.



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The requisite information required to be provided to the Shareholders of the Company in the Notice convening the Annual General Meeting of the Company in terms of Part-II, Section II 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 based on given indicators : (₹ in Lakhs)

Year ending 31 <sup>st</sup> March	Sales	Operating Profit/(Loss)	Profit/(Loss) Before Tax	Net Profit/(Loss) After Tax
2011	27,833*	960*	(582)	(475)
2012	26,614	(64)	(787)	(746)
2013	32,271	1,182	95	(1,66)
2014	27,293	(1,629)	(1,769)	(1,334)
2015	22,554	(2,937)	(4,375)	(3,358)

\*Revised and regrouped

- (4) Export Performance and net foreign exchange earnings :

Due to stiff competition, the Company was able to export for ₹ 4,842 lacs as against the export of ₹ 5,083 lacs achieved in the previous year.

Foreign exchange earned and used during the financial year 2014-15 and 2013-14

(₹ in Lakhs)

	2014-15	2013-14
Foreign Exchange earned	4,842	5,083
Foreign Exchange used	357	472

- (5) Foreign Investments or Collaborators, if any :

Holdings of FIIs/NRIs and other non-residents is 15.53% (out of which 15.10% is held by APMS Investment Fund Limited (Formerly: Mavi Investment Fund Limited) in the Company as at 31<sup>st</sup> March, 2015. The Company has no foreign Collaborator.

## II. Information about the appointee :-

- (1) Background details : **Shri Shrikant Bhat**

Shri Shrikant Bhat (Shri Bhat), aged about 50 years, is a Graduate in Commerce and Chartered Accountant by qualification and presently the Whole-time Director designated as Executive Director, being a Key Managerial Personnel of the Company. His long standing experience and knowledge is useful to the Company. Shri Bhat has contributed significantly towards improvement and growth of the Company. He has over 23 years of experience in Corporate Finance and Taxation. Shri Bhat does not hold any shares in Soma Textiles & Industries Limited as on 31<sup>st</sup> March, 2015.

- (2) Past Remuneration : 2010-2011 : ₹ 13,73,361/-  
2011-2012 : ₹ 18,19,733/-  
2012-2013 : ₹ 20,39,933/-  
2013-2014 : ₹ 24,01,269/-  
2014-2015 : ₹ 26,85,781/-



(3) Job profile and his suitability	: Shri Shrikant Bhat the Whole-time Director of the Company, shall devote his whole-time and attention to the business and affairs of the Company and carryout such duties, as may be entrusted to him from time to time by the Board of Directors of the Company ("the Board") and exercise such powers as may be assigned to him by the Board subject to the superintendence, control and directions of the Board in connection with and in the best interest of the Company and the business of its associated and/or subsidiary Company(ies), as the case may be. The Board is of the opinion that Shri Bhat has the requisite qualifications, expertise and experience for the job, he is presently holding.
(4) Remuneration proposed	: (a) Salary (Basic + DA) at ₹ 1,36,623/- per month within and up to a maximum of ₹ 5,00,000/- per month with authority to the Board to fix the salary and to consider an annual increment/accelerated increment at its discretion upto and within the said maximum amount of salary, upon recommendation of the Remuneration Committee; (b) Bonus/Ex-gratia in lieu of Bonus, subject to a ceiling of one month's salary (BASIC + D.A.) for each financial year or as may be determined by the Board from time to time and; (c) Perquisites, allowances and benefits, as spelt out in the Statement annexed to the Notice convening the 77 <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, bonus/ex-gratia in lieu of bonus, perquisites, allowances and 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	: After taking into the size of the Company, the profile of Shri Shrikant Bhat the responsibilities shouldered by him and the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterparts in other similar Companies.
(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	: Besides the remuneration proposed to be paid the Whole-time Director does not have any other pecuniary relationship directly or indirectly with the Company or relationship with any of the managerial personnel of the Company.

### 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.
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- |   |  |
|---|--|
| (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. 6 of the Notice relating to re-appointment and remuneration payable to Shri Shrikant Bhat, the Whole-time Director duly annexed to the Notice convening the 77 <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. |
| (2) All elements of remuneration package such as salary benefits, bonuses, stock option, perquisites of all the Directors                                | : The Remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report for the year 2014-2015.   |
| (3) Details of fixed components and performance linked incentives along with performance criteria  | : 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 2014-2015.   |
| (4) Service contracts, notice period, severance fees etc   | : Service Agreement is for Three (3) years from 18 <sup>th</sup> January, 2016 to 17 <sup>th</sup> January, 2019. Notice period is 2 (Two) months. No severance fee is payable on termination.  |
| (5) Stock option details, if any and whether the same has been insured at a discount as well as the period over which accrued and over which exercisable | : The Company has not issued any stock options to any of its Directors or Managerial Personnel.   |

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. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

### Item No. 7

The Board on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2016.

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. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

### Registered Office:

2, Red Cross Place,  
Kolkata – 700 001  
Dated : 30<sup>th</sup> May, 2015

### By order of the Board

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



**SOMA TEXTILES & INDUSTRIES LIMITED**

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

30<sup>th</sup> May, 2015

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

To  
The Shareholders

The Ministry of Corporate Affairs (MCA) has recently, vide its Circulars Nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011, taken a "Green Initiative" in the Corporate Governance by allowing paperless compliances by the Companies for the service of the requisite documents such as notices of General Meetings, Audited Financial Statements, Auditor's Reports, Director's Reports to its Members through electronic mode in compliance with the provisions of Section 20 of the Companies Act, 2013. Our Company appreciates the initiative taken by MCA.

We therefore propose to send such documents henceforth to the Members in Electronic form. Accordingly, we are in the process of updating the database of the Company's Members, who are holding their shares in physical mode by incorporating their designated e-mail id in our records to enable the Company for sending Annual Reports and such other requisite documents for compliance with the provisions of Section 136 (1) of the Act and to ensure its legal validity. You are therefore requested to register your e-mail address(es) and changes therein from time to time by sending back the format given duly filled in and signed to our Registrar or Transfer Agent at the address mentioned below:

Sharepro Services (India) Pvt. Limited

Unit: **Soma Textiles & Industries Limited**

416/420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006.

or alternatively scanned copy of the format be kindly forwarded to the email id of Sharepro Services (India) Pvt. Limited i.e. [sharepro.ahmedabad@shareproservices.com](mailto:sharepro.ahmedabad@shareproservices.com).

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

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

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

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

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

Needless to mention, you are entitled as a Member of the Company, to be furnished with a copy of above referred documents as required under the provisions of the Companies Act, 2013, free of cost upon receipt of a requisition from you.

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

Assuring you of our best services.

Thanking you

For **Soma Textiles & Industries Limited**

**R. S. SHARMA**

(Company Secretary & Compliance Officer)

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## SOMA TEXTILES & INDUSTRIES LIMITED

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

### EMAIL COMMUNICATION REGISTRATION FORM

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

Date: \_\_\_\_\_

#### Sharepro Services (India) Pvt. Limited

Unit: Soma Textiles & Industries Limited  
416/420, Devnandan Mall,  
Opp: Sanyas Ashram, Ellisbridge,  
Ahmedabad – 380 006.

#### SUB: CONSENT CUM E-MAIL REGISTRATION FOR PAPERLESS COMMUNICATION

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

Name of Sole/1<sup>st</sup> Holder \_\_\_\_\_

Name of the Joint Holder \_\_\_\_\_

Folio No. \_\_\_\_\_ No. of Shares held. \_\_\_\_\_

DP Id No. \_\_\_\_\_ Certificate No.(s) \_\_\_\_\_

Client Id No. \_\_\_\_\_ Distinctive No.(s) \_\_\_\_\_

E-mail Id \_\_\_\_\_  
(to be registered)

PAN \_\_\_\_\_

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

Thanking you  
Yours faithfully

\_\_\_\_\_  
Signature of sole/1<sup>st</sup> holder (as in Company's records)

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

Present/Correspondence Address:

Permanent Address:



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**DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present their Seventy Seventh (77<sup>th</sup>) Annual Report of the Company, together with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2015.

**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 2014-15 was ₹ 22,554 lacs as compared to ₹ 27,292 lacs in the previous year. The same is not strictly comparable due to the sale of Baramati Unit during the previous year.

The Financial position of the Company severely affected due to non availability of adequate working capital from the Banks as loans were classified by Banks as non performing assets as Company failed to pay interest and installments consecutively for more than 90 days. This also affected the top line growth of Company.

The loss before Prior period, Exceptional item and tax was ₹ 4,764 lacs against the previous year's loss of ₹ 2,945 lacs.

The net loss for the year was ₹ 3,358 lacs against the net loss of ₹ 1,334 lacs.

**2. DIVIDEND**

The Board of Directors of your Company do not recommend any dividend for the Financial Year ended March 31, 2015 due to the loss incurred during the year.

**3. COTTON**

India's cotton production in the current year 2014-2015 estimated as ₹ 380 lac is expected to be highest production in our country. Export of cotton is likely to come down as China, our biggest importer has decided to first consume its reserve stock as a result cotton prices remain reasonably steady.

**4. EXPORT**

Your Company's export performance in the year under review has improved from the last year mainly on account of denim fabric export. The FOB value of the exports during the Year was ₹ 4,842 lacs against ₹ 5,083 lacs in the previous year.

**5. ANALYSIS AND REVIEW**

The Indian Textiles industry remains one of the leading sector of the Indian economy in terms of employment and brings valuable foreign currency by exporting Textiles and Garments.

**6. OPPORTUNITIES AND CHALLENGES**

The government of India has in principle decided to further increase the production of fabrics and garments by way of value addition interest of depending mostly on cotton export. To bring about modernization and competitiveness the government is providing necessary infrastructure to achieve the above objective..

**7. EXPANSION AND MODERNISATION**

In view of financial constraints equipment valuing ₹ 64 lacs, was mostly spent on balancing production.

**8. CASH FLOW STATEMENT**

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

**9. INSURANCE**

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

**10. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company has a proper and adequate internal control procedure commensurate with its nature of business and the size of operations to ensure the timely and accurate recordings of financial transactions and adherence, to applicable Accounting Standards, optimum utilization & safety of assets, complying with applicable statutes and compliance with Corporate policy(ies). The Audit Committee periodically interacts with the Management, Internal Auditors and Statutory Auditors and tracks the implementation of corrective actions. The Audit Committee oversees

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the functions of internal auditor and reviews the audit plans, internal control and internal audit reports, submitted by the internal auditors, to examine and evaluate the adequacy and effectiveness of the internal control system to further strengthen the internal control systems and procedures. Significant observations, emanating from the audit are acted upon. The Audit Committee of the Board of Directors comprises the majority of Independent Directors.

## 11. FIXED DEPOSITS

The Company has not accepted deposit from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014, during the year under report.

## 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTMENT

Shri M. H. Shah and Smt. N. Loyalka are Non-Executive Directors, designated as Independent Director on the Board of Directors ('the Board') of the Company. With the enactment of the Companies Act, 2013 ('the Act'), it is now incumbent upon every listed company to have the requisite number of Independent Directors on the Board. Shri M. H. Shah has been appointed as an Additional Director, designated as Independent Director of the Company and Smt. Nisha Loyalka has been appointed as an Independent Director in casual vacancy, caused by death of Late Shri B. L. Dhoot, under the Act.

The Company has received two separate Notices in writing from Members along with requisite deposits of money proposing the aforesaid two directors to the office of Directors under the applicable provisions of the Act. The Board recommends the appointment of Shri M. H. Shah and Smt. N. Loyalka, as Independent Directors of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from their respective date of appointment.

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

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The terms and conditions of appointment of the Independent Directors are incorporated on the website of the Company at <http://www.somatextiles.com>.

As per the requirement under the Listing Agreement, particulars of Directors seeking re-appointment at the ensuing Annual General Meeting form part of the Notice of the Meeting.

With the enactment of the Companies Act, 2013 ('the Act'), it is now incumbent upon every listed company to have the requisite number of Key Managerial Personnel Shri M. B. Parakh, Deputy General Manager (Head of Finance), has been appointed as Chief Financial Officer (CFO), designated as Key Managerial Personnel by the Board of Directors at their Meeting held on 10<sup>th</sup> February, 2015, as prescribed under the Act with effect from 10.02.2015.

### Cessation

The Company lost one of the guiding Member Late Shri B. L. Dhoot, on 31<sup>st</sup> October, 2014. He was a Director of the Company since 24<sup>th</sup> August, 2009. The Company appreciates the invaluable contribution, guidance and inspiration given by Late Shri Dhoot in directing the destiny of the Company.

Shri S. C. Mathur, resigned from the Board of the Company with effect from 9<sup>th</sup> February, 2015, upon withdrawal of his nomination by IDBI from the Board of Directors of the Company vide its letter no. CBG-SSCB.53/373/Nom.8 dated 5<sup>th</sup> February, 2015.

The Board recorded its appreciation for the services rendered by Late B. L. Dhoot, as a Non-executive Independent Director and Shri S. C. Mathur, as a Nominee Director on behalf of IDBI, during their association with the Company.

### Rotation

Shri S. K. Somany, Director retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company. The Board recommends his re-appointment.

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

## 13. DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 pertaining to the appointment of Independent Directors apply to our Company. The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013, so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**14. 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. Hence, Corporate Social Responsibility initiatives as required under the said act is not applicable.

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

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**16. RELATED PARTY TRANSACTIONS**

All related party transactions were entered on arm's length basis and were in the ordinary course of business in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement. During the year under review, the Company has not entered into any contract or arrangement or transaction with related parties, which could be considered material in accordance with the policy of the Company on related party transactions. Accordingly no transactions are being reported in Form No. AOC-2 in terms of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Related Party Transactions Policy as approved by the Board has been uploaded on the Company's website at the web link: [www.somatexiles.com/home.php/investors/policies](http://www.somatexiles.com/home.php/investors/policies).

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

**17. 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 2013-14.
- (ii) The Calcutta Stock Exchange Association Ltd. has vide its Letter No. CSEA/ID/223/2008 dated 16<sup>th</sup> April, 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

**Stock Code**

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

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

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

There were no qualifications, reservations or adverse remarks made in the Auditors Report and Secretarial Auditors Report.

**19. BOARD'S EVALUATION OF THE PERFORMANCE**

In compliance with the Companies Act, 2013, and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the executive and non-executive Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committee.

The manner in which the evaluation has been carried out has been given in the Corporate Governance Report.

**20. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

During the financial year under review four (4) Board Meetings were convened and held. Details of which are given in the Corporate Governance Report, forming part of this Report.



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The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and revised Clause 49(II)(D)(1) of the Listing Agreement.

## 21. AUDIT COMMITTEE

Pursuant to section 134(3) and section 177(8) of the Companies Act, 2013 the Audit Committee comprises of total four (4) members, namely Shri B. K. Hurkat, as Chairman and Shri S. K. Somany, Shri M. H. Shah and Smt. N. Loyalka as Members. Majority of its members are Non-executive Independent Directors.

During the reporting period under review four (4) Audit Committee Meetings have been convened and held. Details are given in the Corporate Governance Report, forming part of this Report. The Board of Directors accepted all recommendations of the Audit Committee in the reporting period.

## 22. VIGIL MECHANISM / WHISTLE BLOWER MECHANISM

The Company has established a vigil mechanism, as required under section 177(9) of the Companies Act, 2013 and Clause 49(II)(F), for directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Policy of such mechanism has been circulated to all employees within the Company, which provides a framework to the employees for guide & proper utilization of the mechanism. The Whistle Blower Policy has been published on the Company's website <http://www.somatextiles.com>.

The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of company's employees and the Company. More details about the Whistle Blower Policy (Vigil Mechanism) has been provided in the Corporate Governance Report, forming part of this Report.

The details of the policy have been posted on the website of the Company.

## 23. 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 Nomination & Remuneration Policy is stated in the Corporate Governance Report. The Policy is also available on the website of the Company i.e. <http://www.somatextiles.com>.

## 24. CORPORATE GOVERNANCE

Your Company has complied with requirements under the Corporate Governance as stipulated in the revised Clause 49 of the Listing Agreement with the Stock Exchange(s).

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

## 25. CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs, Government of India, has issued a set of Voluntary Guidelines 2009, for voluntary adoption of a set of good practices by the Corporate Sector in addition to the existing laws for further improvement of Corporate Standards and practices. These guidelines are recommendatory in nature and are expected to serve as a bench mark for the Corporate Sector and help them in achieving the highest Standard of Corporate Governance. These guidelines are reviewed by the Management from time to time to ensure the adherence of the same voluntarily commensurate with the requirements, best suited to your Company gradually in phases.

## 26. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report under review, as stipulated under revised Clause 49 of the Listing Agreement with the Stock Exchange(s), is presented by virtue of an Annexure, forming part of the Directors' Report.

## 27. 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, 2015 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, 2015 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;
- (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; and
- (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.

**28. AUDITORS**

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

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

A written consent and a certificate from them has been received to the effect that their re-appointment, if made, would be in accordance with the conditions as may be prescribed under Sub-Section (1) of Section 139 of the Companies Act, 2013 and that they are satisfying the criteria provided in section 141 of the said Act.

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

**29. SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder M/s. Drolia & Company, Company Secretaries, Kolkata, having certificate of Practice No. 1362, has been appointed as the Secretarial Auditor, to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31<sup>st</sup> March, 2015.

**30. 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.

**31. SECRETARIAL AUDIT REPORT**

Details forming part of Secretarial Audit Report in Form MR-3 is given in the Annexure and forms part of this Report for financial year 2014-15. There are no reservations, qualification, adverse remark or disclaimer contained in the Secretarial Audit Report.

**32. AUDITORS' REPORT**

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

**33. INDUSTRIAL RELATIONS**

Industrial relations, during the year under review continued to remain cordial and harmonious.

**34. COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013, read with the Companies (Cost Records & Audit) Amendment Rules, 2014, the cost records maintained by the Company in respect of its products are required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed M/s. N. D. Birla & Co., Cost Accountants, as Cost Auditors of the Company to conduct the Audit of the Cost Accounts in respect of manufacturing of Textile for the Financial Year ending 31<sup>st</sup> March, 2015 on a remuneration fixed by the Board and has recommended their remuneration

# ANNUAL REPORT 2014-2015

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to the Shareholders for their ratification, in the forthcoming Annual General Meeting. Accordingly, a resolution seeking Members' ratification for payment of remuneration to M/s N. D. Birla & Co., Cost Accountants, is included in the Notice convening the Annual General Meeting.

The Company has e-filed the Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2014 vide SRN. S31325384 on 23<sup>rd</sup> September, 2014, with Ministry of Corporate Affairs (Cost Audit Branch), New Delhi.

## **35. DEPOSITORY SYSTEMS**

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

As on 31<sup>st</sup> March, 2015, 98.38% of the Company's total paid up Capital representing 32,497,249 Equity Shares are in dematerialized form.

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

## **36. PARTICULARS OF EMPLOYEES**

During the year under report, none of the employees of the Company was in receipt of remuneration for any part of the year, in excess of the amount of remuneration prescribed under Section 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.

## **37. EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in Form No. MGT-9 are attached and forms part of this Report.

## **38. 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, Shirts 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.

## **39. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

Risk Management includes identifying types of risks and its assessment, risk handling, monitoring and reporting. The Company has adopted the measures concerning the development and implementation of a Risk Management Policy after identifying the elements of risks which in the opinion of the Board may threaten the very existence of the Company itself.

The Company has framed a policy and process to help identify, assess and manage risks, pursuant to section 134(3)(n) of the Companies Act, 2013 and clause 49(VI) of the listing agreement. The policy and process has been in place throughout the reporting period.

## **40. 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.

## **41. ACKNOWLEDGEMENT**

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

On behalf of the Board

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

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

**ANNEXURE TO THE DIRECTORS' REPORT**

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

**(A) CONSERVATION OF ENERGY**

- (i) Steps taken or impact on conservation of energy:
  - a) Reuse of Cooling Water of Dhall Zero – Zero M/c & Polymeriser M/c, achieve saving of Water of the quantity of 330 M3 / day by & in turn saving energy.
  - b) Installed Shell & Tube type Heat Exchanger on CBR & Pad Steam M/cs and thereby able to achieve Savings of Steam.
  - c) Carried out Insulation on side faces of Drying Cylinders of Regular Processing Machineries and thereby achieved Savings of Steam.
- (ii) The steps taken by the company for utilization of alternate sources of energy:
  - Purchasing most of power through power trading from IEX
  - Started use of high GCV coal instead of low GCV coal for steam.
- (iii) The Capital Investment on energy conservation equipment:
  - 85 HP Energy Efficient pump Rs 3.7 lacs.
  - 2 nos coal crusher Rs 5.5 lacs.

**(B) TECHNOLOGY ABSORPTION**

- (i) The efforts made towards technology absorption:
  - We have commissioned fabric sampling machine which helps to confirm the fabric specs & appearance before bulk production.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
  - Developed innovative fabrics like back side coated denim, reactive dyed denim fabrics.
  - consistency in denim shade & cost savings we use liquid indigo instead of powder indigo.
- (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:

	<b>2014-15</b> <b>(₹ in lakhs)</b>	<b>2013-14</b> <b>(₹ in lakhs)</b>
a) Capital	-	-
b) Recurring	189.35	309.78
c) Total	189.35	309.78
d) Total R&D Expenditure as percentage of Revenue from Operations	0.83	1.11

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

Used ₹ 357 lacs (Previous Year ₹ 472 lacs), Earned ₹ 4,842 lacs (Previous Year ₹ 5,083 lacs)

On behalf of the Board

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

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

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## ANNEXURE TO THE DIRECTORS' REPORT

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

a) Ratio of the remuneration of each Director to the median employees Remuneration for the financial year is as under:

Name of Directors & Key Managerial Personnel	Designation	Directors' remuneration (In ₹)	Median Employees remuneration (In ₹)	Ratio
Shri S. K. Somany	Non-executive Chairman	10,000	2,31,938	0.04:1
Shri A. K. Somany	Managing Director	36,13,344	2,31,938	15.58:1
Shri S. B. Bhat	Whole-time Director	26,85,781	2,31,938	11.58:1
Shri B. K. Hurkat	Non-executive Independent Director	10,000	2,31,938	0.04:1
Shri M. H. Shah*	Non-executive Independent Director	2,500	2,31,938	0.01:1
Smt. N. Loyalka**	Non-executive Independent Director	-	2,31,938	N.A.

\* Nominated / appointed w.e.f. 10<sup>th</sup> February, 2015.

\*\* Nominated / appointed w.e.f. 11<sup>th</sup> February, 2015.

b) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in financial year:

Name of Directors & Key Managerial Personnel	Designation	Total Remuneration 2014-15 (In ₹)	Total Remuneration 2013-14 (In ₹)	Percentage Increase
Shri S. K. Somany	Non-executive Chairman	10,000	10,000	-
Shri A. K. Somany	Managing Director	36,13,344	33,23,040	8.80%
Shri S. B. Bhat	Whole-time Director	26,85,781	24,01,269	11.84%
Shri B. K. Hurkat	Non-executive Independent Director	10,000	10,000	-
Shri M. H. Shah*	Non-executive Independent Director	2,500	-	
Smt. N. Loyalka**	Non-executive Independent Director	-	-	
Shri M. B. Parakh	Chief Financial Officer	8,82,590	7,74,592	13.94%
Shri R. S. Sharma	Company Secretary	8,64,276	7,74,276	11.62%

\* Nominated / appointed w.e.f. 10<sup>th</sup> February, 2015.

\*\* Nominated / appointed w.e.f. 11<sup>th</sup> February, 2015.

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

c) The number of permanent employees on the rolls of the Company as at the end of financial year is 499.

d) Compared to the previous year 2013-14, the figures for the current year 2014-15 reflects that,

(i) The Net Loss for the year was ₹ 3,358 lacs against the previous year net loss of ₹ 1,334 lacs.

(ii) Median remuneration and average remuneration of all employees have increased by 5.91% and 1.15%\* respectively.

(iii) Average remuneration of employees excluding Key Managerial Personnel has increased by 0.53%\*.

(iv) Remuneration of Key Managerial Personnel has increased by 10.63%.

\* Average remuneration increase is low due to decrease in number of higher salaried persons in FY 2014-15

e) The remuneration of the Directors, Key Managerial Personnel and other employees is in accordance with the Remuneration Policy of the Company provided under the section 'Report on Corporate Governance' which forms part of the Report and Accounts. Performance of the Company is given in page 1 of the Directors' Report as well as in Management Discussion and Analysis. Individual change in remuneration is given as hereinabove.

f) The market capitalization of the Company as on 31<sup>st</sup> March, 2015 increased by 12% when compared to that of 31<sup>st</sup> March, 2014. The Company has not made any public offer in the recent past and accordingly, comparison of Public Offer Price and the current market price of the Company's shares will not be relevant.

g) The PE ratio as on 31<sup>st</sup> March, 2015 stood at (-)0.28 [31<sup>st</sup> March, 2014, (-)0.62].

h) There are no employees in the Company who are drawing remuneration in excess of the highest paid director during the year.

It is hereby affirmed that the remuneration of Directors and KMP's are as per the Remuneration Policy of the Company.



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2015

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

The Members,

**Soma Textiles & Industries Limited**

2, Red Cross Place,  
Kolkata – 700 001

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

Based on our verification of the **M/S Soma Textiles & Industries Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March ,2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and return filed and other records maintained by **M/S Soma Textiles & Industries Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- [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 31-03-2015:-
- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;]

**(vi) OTHER LAWS AS MENTIONED IN THE ANNEXTURE ATTACHED HERewith AND AS MAY BE APPLICABLE TO THE COMPANY**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with **NSE and BSE**;

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

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We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, the Company has :

- (i) Not allotted any Public/Right/ Preferential issue of Shares/Debentures/Sweat Equity or any other Security.
- (ii) No redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to section 180 of the Companies Act, 2013.
  - a) Section 180(1)(c) , power to Directors to borrow over and above paid up Capital and free reserve,
  - b) Section 180(1)(a) power to Directors to Sale, lease, transfer or otherwise dispose of or dealing with Company's properties or undertaking and creation of charges / mortgage / hypothecation on moveable and immoveable properties of the Company, both present and future.
- (iv) No Merger/Amalgamation/Reconstruction etc.
- (v) No Foreign technical collaborations.

**FOR DROLIA & COMPANY**  
**(Company Secretaries)**

**Pravin Kumar Drolia**  
(Proprietor)

FCS: 2366, CP 1362

Place : 9, Crooked Lane, Kolkata-69

Date : 28<sup>th</sup> May, 2015

## ANNEXTURE TO THE SECRETARIAL AUDIT REPORT

### LIST OF OTHER APPLICABLE LAWS

- (i) Employees State Insurance Act, 1948
- (ii) Employers Liability Act, 1938
- (iii) Environment Protection Act, 1986 and other Environmental Laws
- (iv) Equal Remuneration Act, 1976
- (v) Factories Act, 1948
- (vi) Hazardous Wastes ( Management and Handling) Rules, 1989 and Amendment Rule, 2003
- (vii) Indian Contract Act, 1872
- (viii) Income Tax Act, 1961 and Indirect Tax Laws
- (ix) Indian Stamp Act, 1999
- (x) Industrial Dispute Act, 1947
- (xi) Maternity Benefits Act, 1961
- (xii) Minimum Wages Act, 1948
- (xiii) Negotiable Instruments Act, 1881
- (xiv) Payment of Bonus Act, 1965
- (xv) Payment of Gratuity Act, 1972
- (xvi) Payment of Wages Act, 1936 and other applicable
- (xvii) Apprentices Act'1961
- (xviii) Competition Act' 2002
- (xix) Consumer Protection Act'1986
- (xx) Indian Easements Act'1882
- (xxi) Sale of Goods Act'1930
- (xxii) Water (Prevention and Control of Pollution ) Act'1974
- (xxiii) Employee Provident fund and Miscellaneous Provisions Act'1952

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March, 2015***[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS**

i) CIN	L51909WB1940PLC010070
ii) Registration Date	29 <sup>th</sup> March, 1940
iii) Name of the Company	Soma Textiles & Industries Limited
iv) Category/ Sub-category of the Company	Public Company limited by shares
v) Address of the Registered office and contact details	2, Red Cross Place, Kolkata- 700 001 Phone No. :033-22487406/07 E-mail: rssharma@somatextiles.com Website: www.somatextiles.com
vi) Whether Listed Company (Yes/No)	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd. Address: 13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinana, Andheri East, Mumbai – 400 072 Phone No.: 022-6772 0300/0400, E-mail: sharepro@shareproservices.com

**II. PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Cloth	17121	83.44%
2.	Yarn	17111	3.89%
3.	Garment	18101	9.81%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	Address	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Soma Textile F.Z.C., Sharjah, UAE	Harmiyah Free Zone, Sharjah, United Arab Emirates	Not Applicable	Associate Company	40%	2(6)



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## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	39,72,281	-	39,72,281	12.03	52,72,281	-	52,72,281	15.96	3.93
b) Central Govt State Govt (s)	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	1,23,04,960	-	1,23,04,960	37.25	1,10,04,960	-	1,10,04,960	33.32	-3.93
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>1,62,77,241</b>	<b>-</b>	<b>1,62,77,241</b>	<b>49.28</b>	<b>1,62,77,241</b>	<b>-</b>	<b>1,62,77,241</b>	<b>49.28</b>	<b>-</b>
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A)=(A)(1) + (A) (2)</b>	<b>1,62,77,241</b>	<b>-</b>	<b>1,62,77,241</b>	<b>49.28</b>	<b>1,62,77,241</b>	<b>-</b>	<b>1,62,77,241</b>	<b>49.28</b>	<b>-</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds	-	2,344	2,344	0.01	-	2,344	2,344	0.01	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	10,000	-	10,000	0.03	10,000	-	10,000	0.03	-
g) FIs	49,86,600	400	49,87,000	15.10	49,86,600	400	49,87,000	15.10	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Other(specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	<b>49,96,600</b>	<b>2744</b>	<b>49,99,344</b>	<b>15.13</b>	<b>49,96,600</b>	<b>2,744</b>	<b>49,99,344</b>	<b>15.13</b>	<b>-</b>
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	27,12,822	12,400	27,25,222	8.25	21,86,499	12,400	21,98,899	6.66	-1.59
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	55,51,909	5,25,925	60,77,834	18.40	55,52,258	5,20,607	60,72,865	18.38	-0.02
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	28,35,401	-	28,35,401	8.58	33,40,299	-	33,40,299	10.11	1.53



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others(specify)									
i) NRI Rept.	1,03,168	-	1,03,168	0.31	1,34,930	-	1,34,930	0.41	0.10
ii) NRI Non Rept.	8,658	-	8,658	0.03	7,117	-	7,117	0.02	-0.01
iii) Others (Clearing Members)	6,132	-	6,132	0.02	2,305	-	2,305	0.01	-0.01
<b>Sub-total (B) (2)</b>	<b>1,12,18,090</b>	<b>5,38,325</b>	<b>1,17,56,415</b>	<b>35.59</b>	<b>1,12,23,408</b>	<b>5,33,007</b>	<b>1,17,56,415</b>	<b>35.59</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>1,62,14,690</b>	<b>5,41,069</b>	<b>1,67,55,759</b>	<b>50.72</b>	<b>1,62,20,008</b>	<b>5,35,751</b>	<b>1,67,55,759</b>	<b>50.72</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>3,24,91,931</b>	<b>5,41,069</b>	<b>3,30,33,000</b>	<b>100.00</b>	<b>3,24,97,249</b>	<b>5,35,751</b>	<b>3,30,33,000</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	KGPL Industries and Finvest Private Ltd.	82,97,716	25.12	-	69,97,716	21.18	-	(3.94)
2.	Sarvopari Investments Private Ltd.	40,07,244	12.13	66.66	40,07,244	12.13	66.66	-
3.	Arvind Kumar Somany	8,54,848	2.59	96.35	8,54,848	2.59	96.35	-
4.	Surendra Kumar Somany	30,68,274	9.29	97.94	43,68,274	13.22	68.80	3.94
5.	Anupama Agarwal	24,239	0.07	-	24,239	0.07	-	-
6.	Nandita Patodia	24,920	0.08	-	24,920	0.08	-	-
<b>Total</b>		<b>1,62,77,241</b>	<b>49.28</b>	<b>39.93</b>	<b>1,62,77,241</b>	<b>49.28</b>	<b>39.93</b>	<b>-</b>

**iii) Change in Promoters' Shareholding:**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1. KGPL Industries and Finvest Private Ltd.</b>				
At the beginning of the year	82,97,716	25.12		
Increase/Decrease in Promoters Shareholding during the year:24.03.2015 (Sale)	(13,00,000)	(3.93)	69,97,716	21.19
<b>At the end of the year</b>			<b>69,97,716</b>	<b>21.19</b>
<b>2. Surendra Kumar Somany</b>				
At the beginning of the year	30,68,274	9.29		
Increase/Decrease in Shareholding during the year:24.03.2015 (Purchase)	13,00,000	3.93	43,68,274	13.22
<b>At the end of the year</b>			<b>43,68,274</b>	<b>13.22</b>

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

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1.</b>	<b>APMS Investment Fund Ltd. (Formerly: Mavi Investment Fund Ltd.)</b>				
	At the beginning of the year	49,86,600	15.10		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>49,86,600</b>	<b>15.10</b>
<b>2.</b>	<b>MotilalOswal Financial Services Ltd.</b>				
	At the beginning of the year	4,06,305	1.23		
	Increase/Decrease in Shareholding during the year:				
	11.04.2014 (Sale)	(100)	(0.00)	4,06,205	1.23
	11.07.2014 (Sale)	(500)	(0.00)	4,05,705	1.23
	01.08.2014 (Purchase)	500	0.00	4,06,205	1.23
	22.08.2014 (Sale)	(500)	(0.00)	4,05,705	1.23
	30.09.2014 (Purchase)	500	0.00	4,06,205	1.23
	31.10.2014 (Sale)	(500)	(0.00)	4,05,705	1.23
	19.12.2014 (Purchase)	500	0.00	4,06,205	1.23
	31.12.2014 (Sale)	(500)	(0.00)	4,05,705	1.23
	09.01.2015 (Purchase)	500	0.00	4,06,205	1.23
	16.01.2015 (Sale)	(500)	(0.00)	4,05,705	1.23
	23.01.2015 (Purchase)	500	0.00	4,06,205	1.23
	At the end of the year			<b>4,06,205</b>	<b>1.23</b>
<b>3.</b>	<b>Globe Capital Market Ltd.</b>				
	At the beginning of the year	2,31,422	0.70		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>2,31,422</b>	<b>0.70</b>
<b>4.</b>	<b>Ajit Singh Jagjit Singh Chawla</b>				
	At the beginning of the year	2,27,985	0.69		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>2,27,985</b>	<b>0.69</b>
<b>5.</b>	<b>Ashok Kumar GirirajBansal*</b>				
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:				
	11.07.2014 (Purchase)	1,90,000	0.58	1,90,000	
	At the end of the year			1,90,000	0.58
<b>6.</b>	<b>Girdhar Fiscal Services Pvt. Ltd.</b>				
	At the beginning of the year	158379	0.48		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>1,58,379</b>	<b>0.48</b>
<b>7.</b>	<b>Risewell Credit Pvt. Ltd.</b>				
	At the beginning of the year	1,52,072	0.46		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>1,52,072</b>	<b>0.46</b>
<b>8.</b>	<b>Bhikham Chand Pugalia</b>				
	At the beginning of the year	1,50,000	0.45		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>1,50,000</b>	<b>0.45</b>
<b>9.</b>	<b>Daulat Securities Ltd.*</b>				
	At the beginning of the year	1,15,301	0.35		
	Increase/Decrease in Shareholding during the year:				
	05.09.2014 (Purchase)	8,225	0.02	1,23,526	0.37
	10.10.2014 (Sale)	(1,001)	(0.00)	1,22,525	0.37
	16.01.2015 (Purchase)	5,000	0.02	1,27,525	0.39
	At the end of the year			<b>1,27,525</b>	<b>0.39</b>
<b>10.</b>	<b>Harveer A Chawla</b>				
	At the beginning of the year	125000	0.38		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>1,25,000</b>	<b>0.38</b>

\* Not in the list of top 10 shareholders as on 01.04.2014. The same has been reflected above since the shareholders were among the top 10 shareholders as on 31.03.2015

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1.</b>	<b>Surendra Kumar Somany</b>				
	At the beginning of the year	30,68,274	9.29		
	Increase/Decrease in Shareholding during the year: 24.03.2015 (Purchase)	13,00,000	3.93	43,68,274	13.22
	At the end of the year			<b>43,68,274</b>	<b>13.22</b>
<b>2.</b>	<b>Arvind Kumar Somany</b>				
	At the beginning of the year	8,54,848	2.59		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>8,54,848</b>	<b>2.59</b>
<b>3.</b>	<b>Brij Kishore Hurkat</b>				
	At the beginning of the year	888	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>888</b>	<b>0.00</b>
<b>4.</b>	<b>Shrikant Bhairaveshwar Bhat</b>				
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	0	0.00	0	0.00
	At the end of the year			<b>0</b>	<b>0.00</b>
<b>5.</b>	<b>Malay Harshadbhai Shah</b>				
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	0	0.00	0	0.00
	At the end of the year			<b>0</b>	<b>0.00</b>
<b>6.</b>	<b>Nisha Loyalka</b>				
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	0	0.00	0	0.00
	At the end of the year			<b>0</b>	<b>0.00</b>
<b>7.</b>	<b>Radhey Shyam Sharma</b>				
	At the beginning of the year	100	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			<b>100</b>	<b>0.00</b>
<b>8.</b>	<b>Maghraj Parakh</b>				
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	0	0.00	0	0.00
	At the end of the year			<b>0</b>	<b>0.00</b>

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## V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	18,325.95	2,809.64	-	21,135.59
ii) Interest due but not paid	48.28	-	-	48.28
iii) Interest accrued but not due	24.90	-	-	24.90
<b>Total (i+ii+iii)</b>	<b>18,399.13</b>	<b>2,809.64</b>	<b>-</b>	<b>21,208.77</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	1,226.08	1973.54	-	3,199.62
Net Change	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	16,160.38	836.10	-	16,996.48
ii) Interest due but not paid	1,011.97	-	-	1,011.97
iii) Interest accrued but not due	0.70	-	-	0.70
<b>Total (i+ii+iii)</b>	<b>17,173.05</b>	<b>836.10</b>	<b>-</b>	<b>18,009.15</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)

Sl. No.	Particulars of Remuneration	Shri A. K. Somany (M.D.)	Shri S. B. Bhat [WTD, designated as (Executive Director)]	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	32,71,200	19,04,580	51,75,780
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	32400	32400
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Others, specify	—	—	—
5.	Other, please specify	-	-	-
	<b>Total (A)</b>	<b>32,71,200</b>	<b>19,36,980</b>	<b>52,08,180</b>
	Ceiling as per the Act	42,10,782	48,00,000	90,10,782


**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri S. K. Somany	Shri B. K. Hurkat	Shri M. H. Shah	Smt. N. Loyalka	
<b>1.</b>	<b>Independent Directors</b>					
	• Fees for attending board meetings and committee meetings	-	10,000	2,500	-	12,500
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	<b>10,000</b>	<b>2,500</b>	-	<b>12,500</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>					
	• Fees for attending board meetings and committee meetings	10,000	-	-	-	10,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>10,000</b>	-	-	-	<b>10,000</b>
	<b>Total (B)= (1+2)</b>	<b>10,000</b>	<b>10,000</b>	<b>2,500</b>	-	<b>22,500</b>
<b>3.</b>	<b>Total Managerial Remuneration</b>					<b>52,30,680</b>
<b>4.</b>	Overall Ceiling as per the Act*					

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

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

Sl. No.	Particulars of Remuneration	Shri R. S. Sharma (Company Secretary, designated as Key Managerial Personnel)	Shri M. B. Parakh (CFO, designated as Key Managerial Personnel)	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7,56,576	7,35,064	14,91,640
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	17,400	63,000	80,400
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Others, specify	-	-	-
5.	Other, please specify	-	-	-
	<b>Total</b>	<b>7,73,976</b>	<b>7,98,064</b>	<b>15,72,040</b>

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## VII. PENALTIES/ PUNISHMENT/ COMPUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					



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

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

The sector contributes about 14 per cent to industrial production; 4 per cent to the country's gross domestic product (GDP) and 13 per cent to export earnings. It is the second largest provider of employment after agriculture and provides direct employment to over 45 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

**Opportunities**

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

**Challenges**

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

Currently the Indian Denim Industry is going through sluggish phase due to exponential capacity expansion which has created a time bound oversupply situation.

**2. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT**

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

**3. INFORMATION TECHNOLOGY**

IT department has continued providing stable, faster & easier platform for the users to do their work with more productivity. It has implemented centralized backup of many users. Strengthening antivirus & security systems have made users' experience safe & secured. They can concentrate on their own work rather than concerned about security & availability of their data. IT department & team is now ready with Virtualization technology – to use all existing resources in optimum way. It will also help in availability & redundancy of server environment. SAP ERP system is taking care of new style of business.

**4. CAUTIONARY STATEMENT**

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



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

### 2. BOARD OF DIRECTORS

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

As on 31<sup>st</sup> March, 2015 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 Clause 49 of the Listing Agreement of Stock Exchanges in India, which stipulates for at least one-half of the Board of the Company should consist of independent directors, where the non-executive Chairman is a promoter or is related to promoters or persons occupying management positions at the board level or at one level below the board. The Company's Board is thus managed and guided by an appropriate mix of Executive and Non-Executive Directors, which ensures independent judgments in its deliberations and decisions. All the Non-Executive Independent Directors are eminent persons armed with professional expertise and experience and Shri S. K. Somany, who is Non-Executive Chairman & Promoter Director, is an Industrialist. The maximum gap between any two meetings of the Board was less than four months which is in conformity with the requirement of Clause 49 of the Listing Agreements entered into with the Stock Exchange(s) where the Company's Shares/Securities are listed. The Composition of the Board of Directors are as follows:-

Name of Director	Designation	Category of Directorship	No. of other Directorship held other than STIL (*)	No. of Membership/ Chairmanship on other Board Committees other than STIL (**)
Shri S. K. Somany	Chairman	Promoter Non-Executive Non Independent	5	4 (including 3 as Chairman)
Shri A. K. Somany	Managing Director	Promoter Executive Non Independent	1	Nil
Shri S. Bhat	Executive Director	Executive Non Independent	1	Nil
Shri B .K. Hurkat	Director	Non-Executive Independent	Nil	Nil
Shri B. L. Dhoot	Director	Non-Executive Independent	Nil	Nil
Shri M. H. Shah(@)	Director	Non-Executive Independent	Nil	Nil
Smt. N. Loyalka (#)	Director	Non-Executive Independent	Nil	Nil
Shri S. C. Mathur(@ @)	Director (Nominee of IDBI)	Non-Executive	Nil	Nil
Shri B. L. Dhoot(##)	Director	Non-Executive Independent	Nil	Nil



- (\*) Exclude Directorship in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013, Memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.
- (\*\*) Only the two committees viz. the Audit Committee and the Stakeholders' Relationship Committee have been considered for this purpose, in terms of Clause 49 of the Listing Agreement.
- (@) Appointed as an Additional Director and also as an Independent Director w.e.f. 10.02.2015.
- (#) Appointed as an Independent Director in casual vacancy, caused by death of Late B. L. Dhoot w.e.f. 11.02.2015.
- (@@) Resigned from the Board, upon withdrawal of nomination by IDBI Bank Limited w.e.f. 09.02.2015.
- (##) Cessation from the Board, upon his death w.e.f. 31.10.2014.

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

No Director is related to any other Director on the Board in terms of provisions of Companies Act, 2013, except for Shri S. K. Somany, the Chairman and Shri A. K. Somany, the Managing Director of the Company who are related to each other. Shri S. K. Somany is the father of Shri A. K. Somany.

**(b) Board Meetings and Annual General Meeting**

During the financial year 2014-15, Four (4) Board Meetings were held on 30<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014, and 10<sup>th</sup> February, 2015. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 2013 and Clause 49 of the Listing Agreement. 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 Clause 49 of the Listing Agreement. The last, 76<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> August, 2014. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows:

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Shri S. K. Somany	4	Yes
Shri A. K. Somany	4	No
Shri S. Bhat	4	No
Shri B. K. Hurkat	4	Yes
Shri M. H. Shah*	1	N.A.
Smt. N. Loyalka**	0	N.A.

\* Nominated/appointed w.e.f. 10<sup>th</sup> February, 2015

\*\* Nominated/appointed w.e.f. 11<sup>th</sup> February, 2015

**(c) Details of shares and convertible instruments held by Non-Executive Directors as on 31<sup>st</sup> March, 2015**

As on 31<sup>st</sup> March, 2015, Shri S. K. Somany and Shri B. K. Hurkat, Non-Executive Directors of the Company held shares of the Company as disclosed hereunder. The Company does not have any convertible instruments and Employees Stock Option under the Scheme as at 31<sup>st</sup> March, 2015.

Name of Non-Executive Director	No. of shares held	% of total share capital
Shri S. K. Somany	43,68,274	13.23
Shri B. K. Hurkat	888	0.003

**(d) Code of Conduct**

The Board has adopted a Code of Conduct for its Board Members and Senior Management Personnel, including Code of Conduct for Independent Directors and has posted it on the website of the Company in terms of Clause 49(II)(E)(1) of the Listing Agreement. The Company has obtained the confirmation of the compliance with the Code from all its Board Members and Senior Management Personnel for the year under review. The Managing Director in

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terms of Clause 49(II)(E)(2) 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 Agreement. The Code of Conduct is available on the Company's website [www.somatextiles.com](http://www.somatextiles.com). A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

### **(e) Information about Directors Seeking Appointment / Re-appointment at the ensuing Annual General Meeting as required under Clause 49(VII)(E) of the Listing Agreement**

Shri S. K. Somany (Shri Somany), Director of the Company retires by rotation at the ensuing 77<sup>th</sup> Annual General Meeting of the Company and is eligible for re-appointment.

The brief profile of Shri Somany and his other relevant particulars are furnished in the Notice convening the 77<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 17<sup>th</sup> September, 2015.

### **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, Clause 49 of the Listing Agreement 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 clause 49 of the Listing Agreement on Corporate Governance 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 Agreement;
- Internal Financial Controls and
- Fraud Reporting

The details of familiarisation programmes have been posted on the website of the Company: [www.somatextiles.com](http://www.somatextiles.com).

### **4. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 Listing Agreement.



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.

## **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, 2015, the Company has five (5) Board level Committees namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Share Transfer Committee and the Risk Management 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 (Corresponding to Section 292A of the erstwhile Companies Act, 1956) and Clause 49 of the Listing Agreement.

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

The role, powers and terms of reference of this Committee also covers the areas as contemplated under Section 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 Clause 49 of the Listing Agreement 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 Agreement, Companies Act, and other Statutes.

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

#### **b) Composition:**

As on 31<sup>st</sup> March, 2015, the Audit Committee consisted of 4(Four) members, of this, 3 (Three) Non-Executive Independent Directors and 1 (One) Non-Executive Promoter Director were members of the Committee. Thus the composition of the Committee consisted of 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 Clause 49(III)(A) of the Listing Agreement. The Committee was chaired by Shri B. L. Dhoot upto 31<sup>st</sup> October, 2014 and on demise of Shri B. L. Dhoot, the Board had appointed Shri B. K. Hurkat, the Non-Executive Independent Director, as Chairman of the Committee w.e.f. 30<sup>th</sup> May, 2015. All the Members of the Audit Committee are financially literate including the Chairman of the Audit Committee who has financial management expertise. The Managing Director and Head of finance & accounts are permanent invitees of the Committee Meetings. The Statutory Auditors, Cost Auditors and Internal Auditors are also invited to the Committee Meetings. Shri B. K. Hurkat, who was appointed as the Chairman of the Audit Committee at the Board Meeting held on 14<sup>th</sup> August, 2014, for the limited purpose for attending the 76<sup>th</sup> Annual General Meeting (AGM) due to non-availability of Shri B. L. Dhoot, the Chairman of the Audit Committee because of his health problem/physical illness, attended the

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76<sup>th</sup> AGM held on 29<sup>th</sup> August, 2014 to answer shareholders queries and immediately after the conclusion of AGM Shri Hurkat ceased to Chairman of the audit Committee. Shri R. S. Sharma, Company Secretary acts as Secretary to the Committee.

### c) Meetings:

During the financial year 2014-15, four (4) Audit Committee meetings were held on 30<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014, and 10<sup>th</sup> February, 2015. The maximum gap between any two meetings was less than four months. The Minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

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

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri S. K. Somany	Non-Executive Director – Promoter	Member	4
Shri B. K. Hurkat	Non-Executive Director – Independent	Chairman	4
Shri M. H. Shah*	Non-Executive Director – Independent	Member	1
Smt. N. Loyalka**	Non-Executive Director – Independent	Member	-

\* Nominated/appointed w.e.f. 10<sup>th</sup> February, 2015

\*\* Nominated/appointed w.e.f. 11<sup>th</sup> February, 2015

### B) NOMINATION AND REMUNERATION COMMITTEE (Formerly: Remuneration Committee)

The Board of Directors of the Company had, at its meeting held on 31<sup>st</sup> January, 2002, constituted the Remuneration Committee and had 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 Clause 49 of the Listing Agreements.

The present terms of reference of the Nomination and Remuneration Committee includes the role as stipulated in Clause 49(IV)(B) of the Listing Agreement with the Stock Exchange.

The role, powers and terms of reference of this Committee also covers the areas as contemplated under Section 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 Clause 49 of the Listing Agreement 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 2015, 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 Smt. N. Loyalka were Independent Non-Executive Directors and Shri S. K. Somany, was the Non-Executive Chairman & Promoter Director of the Company. Shri R. S. Sharma, Company Secretary acts as Secretary to the Nomination



and Remuneration Committee. During the year under review two (2) Nomination and Remuneration Committee meetings were held on 30<sup>th</sup> May, 2014 and 10<sup>th</sup> February, 2015 to review and recommend annual increments to the Whole-time directors. All the members attended the said Meeting.

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

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri S. K. Somany	Non-Executive Director – Promoter	Member	2
Shri B. K. Hurkat	Non-Executive Director – Independent	Chairman	2
Shri M. H. Shah*	Non-Executive Director – Independent	Member	1
Smt. N. Loyalka**	Non-Executive Director – Independent	Member	-

\* Nominated/appointed w.e.f. 10<sup>th</sup> February, 2015

\*\* Nominated/appointed w.e.f. 11<sup>th</sup> February, 2015

**c) Nomination and Remuneration Policy:**

Policy in relation to nomination of Directors, Key Managerial Persons and Senior Management:

- (i) The nomination procedure adopted by the Company for identifying and appointing Directors, Key Managerial Personnel and Senior Management, shall be driven by meritocracy and will focus on inducting individuals from diverse backgrounds, having appropriate skills, qualifications, knowledge, expertise or experience, in one or more fields such as engineering, finance, management, business administration, sales, marketing, law, accountancy, research, corporate governance, technical operations, education, community service or any other disciplines connected with the business of the Company.
- (ii) The Company seeks to have a management comprising of likeminded personnel, possessing skills which assist the Company in achieving its objectives and aiming for inclusive growth of the Company and the community.
- (iii) The Company specifically looks for persons with qualities such as: (i) Professional integrity and honesty; (ii) respect for and strong willingness to imbibe the Company's core values; (iii) ability to act impartially, exercise sound judgment and discharge the fiduciary duties owed by such individuals to the Company; (iv) strategic capability with business vision; (v) entrepreneurial spirit and track record of achievement; (vi) reasonable financial expertise; (vii) have contacts in the fields of business/corporate world/finance/ chambers of commerce and industry; and (viii) capability to effectively review and challenge the performance of the management
- (iv) With respect to Independent Directors, the management of the Company shall devise and update, as and when required, programs for familiarizing such directors with the Company, its business, their roles, rights and responsibilities in the Company etc.;
- (v) The Company seeks to have diversity on the Board by bringing in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment and mitigation strategy and human resource management in the Company. [The Company will be considerate of succession planning and Board diversity while making appointments of directors on the Board]

**Eligibility Criteria:**

For all Directors: An individual being considered for being appointed as a Director must fulfill the following eligibility criteria;

- (i) He must be of a sound mind;
- (ii) he should neither be an undischarged insolvent nor should he have preferred an application for being adjudicated as an insolvent, which application is pending before any court or authority;
- (iii) he must not have been convicted by a court of any offence that makes him incapable of being appointed as a Director under the Companies Act.
- (iv) No order disqualifying him from being appointed as a Director of any Company should have been passed by a court or tribunal, or in case such an order has been passed, it must not be in force or be effective as prescribed under the Companies Act;
- (v) He should have paid calls with respect of any shares held by him in the Company, whether alone or jointly and in case such calls have not been paid, a period of 6 months shall not have lapsed from the date such payment is due;

- (vi) He should not have been convicted of the offence of dealing with related party transactions under Section 188 of the Companies Act, at any time during the five years, immediately preceding his appointment with the Company and in case such an order has been passed it must not be in effective in accordance with the terms of the Companies Act;
- (vii) He must have been allotted a director identification number pursuant to the provision of the Companies Act;
- (viii) He must not have been a Director of a company which (i) has not filed financial statements or annual returns for any continuous period of three financial years, or (ii) has failed to repay deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continuous for one year or more, provided that if he has been the Director of such a Company, he shall not be eligible to be re-appointed as a director of that Company or appointed in other Company for a period of five years from the date on which the said Company fails to do so.

For a Managing Director, Whole-time Director or Manager: In addition to the criteria specified in Clause as above, an individual being considered for the post of Managing Director, Whole-time Director or a Manager must fulfill the following eligibility requirements;

- (i) He must be a resident of India
- (ii) He must have attained the age of 21 years and must not have attained the age of 70 years. However, in case the individual proposed to be appointed has attained the age of 70 years, he may be appointed as the Managing Director, Whole-time Director or Manager if a special resolution is passed to this effect by the Shareholders of the Company.
- (iii) He must not have been adjudged as an insolvent at any point in time;
- (iv) He must not have suspended payment to or made a composition with his creditors at any point in time;
- (v) He must not have been;
  - (a) Convicted by a court of an offence and sentenced to imprisonment or fine exceeding one thousand rupees, such that it would disentitle him from being appointed as the Managing Director, Whole-time Director or a Manager in terms of the Companies Act, or;
  - (b) detained for any period under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (52 of 1974)
- (vi) During the tenure that he holds office as the Managing Director, Whole-time Director or a Manager of the Company, he must not hold office in any other Company except in a subsidiary of the Company. However, in case an individual is the Managing Director or Manager of any another Company (other than subsidiary Company), the Board may appoint such an individual as the Managing Director, if his appointment is made in accordance with Section 203 of the Companies Act and such an individual does not draw remuneration exceeding the limits specified in Part II of Schedule V to the Companies Act.

In case an individual does not meet the eligibility criteria mentioned as above, of this Policy [except sub-clause (vi) as above], such an individual may be appointed as the Managing Director, Whole-time Director or a Manager with the approval of the Central Government.

For independent Directors: Pursuant to Section 149 of the Companies Act, and the Listing Agreement, the Company is required to appoint specified number of independent directors. An individual, who is not an Executive Director or a Nominee Director, may be considered for being appointed as an independent director if he meets the following criteria;

- (i) Possesses appropriate skill, experience and knowledge in one or more fields of finance, law, management, sales, marketing administration, research, corporate governance, technical operations or other disciplines related to the Company's business;
- (ii) In the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (iii) Neither is nor was a promoter of the Company or its holding, subsidiary or associate Company; or
- (iv) Is not related to the promoters or Directors of the Company, its holding, subsidiary or associate company;
- (v) apart from receiving director's remuneration, he neither has, nor has had a pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two financial years immediately preceding the year of his appointment or during the current financial year, which would disqualify him from being an independent director under the Companies Act or the Listing Agreement).



- (vi) None of his relatives have or have had a pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to two per cent, or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed under the Companies Act, whichever is lower, during the two financial years immediately preceding the year of his appointment or during the current financial year;
- (vii) Neither himself nor any of his relatives –
  - (a) holds or has held the position of a Key Managerial Personnel in any of the three financial years immediately preceding the year in which he is proposed to be appointed;
  - (b) is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the year in which he is proposed to be appointed;
  - (c) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed of-
    - (A) A firm of auditors or Company Secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
    - (B) Any legal or consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% (ten per cent) or more of the gross turnover of such firm;
  - (d) holds together with his relatives 2% (two per cent) or more of the total voting power of the Company; or
  - (e) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent, or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent, or more of the total voting power of the Company; or
  - (f) is a material supplier, service provider or customer or a lessor or lessee of the Company;
- (viii) Undertakes to abide by the code for independent directors as prescribed in the Companies Act; and
- (ix) Possess such other qualifications as may be prescribed under the Companies Act,

For Key Managerial Personnel and Senior Management: Individuals to be appointed as Key Managerial Personnel (other than Managing Director, Manager and Whole-time Director) and Senior Management shall have such qualification, experience and expertise as may be determined by the management in consultation with the Committee, provided that a Whole-time Key Managerial Personnel of the Company shall not hold office in any other company at the same time except (i) in its subsidiary; or (ii) as a Director of the other Company, with the permission of the Board.

**Appointment, Term and Retirement/Removal:**

**Appointment:**

- (a) All Directors shall be appointed by the Board, based on the recommendations made by the Committee, subject to the prior/post approval of the Shareholders of the Company and/or the Central Government, as may be required under the applicable laws.
- (b) The Company shall issue formal letters of appointment to the independent Directors in a manner provided in the Companies Act.
- (c) A whole-time Key Managerial Personnel of a Company shall be appointed only by a resolution of the Board containing the terms and conditions of the appointment including the remuneration.

**Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, Rules and Regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, Rules and Regulations.

**Retirement:**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.



## Term of Office:

- (a) No individual shall be appointed as the Managing Director, Whole-time Director or Manager for a term exceeding 5 (Five) years at a time and no re-appointment shall be made earlier than one year before the expiry of his term.
- (b) An independent director shall hold office for a term up to 5 (five) consecutive years and may be re-appointed for another term of 5 (five) consecutive years, by a special resolution of the Members of the Company. An individual who has held office as an independent director for two consecutive terms, shall be eligible for appointment as an independent director of the Company only after expiry of 3 (three) years of him ceasing to hold office as an independent director of the Company, if he has not, during the said period of 3 (three) years been associated with the Company in any other capacity, either directly or indirectly.
- (c) It is clarified that unless otherwise provided in the Companies Act, the term completed by an independent director prior to April 1, 2014 shall not be considered for fulfilling the requirements specified in Clause (b) above.

Within the overall limits fixed by the Shareholders in General Meeting the Board decides the remuneration payable to Whole-time/Managing/Executive Directors. Remuneration of Whole-time/Managing/Executive Directors largely consists of base remuneration, perquisites, gratuity, bonus and other allowances. The remuneration packages are governed by industry pattern and guidelines. The Non-Executive Directors are entitled to sitting fee for attending the meetings of the Board and Commission in case of adequacy of profits under the provisions of the Companies Act, 2013.

## **Remuneration Policy for Directors, Key Managerial Personnel and Senior Management:-**

This Policy of the Company aims to attract, retain and motivate professionals; in order to enable the Company to achieve its strategic objectives and develop a strong performance based culture and a competitive environment. This Policy and the compensation structure has been devised after taking into account all relevant factors and giving due regard to the interests of shareholders and the financial and commercial health of the Company.

The Board 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.

**Maximum Threshold:** Except as otherwise provided under the Companies Act or with the prior approval of the Central Government, the total managerial remuneration payable by the Company, to its Directors (including Managing Director and Whole-time Director) and its Manager in respect of a financial year shall not exceed 11% (eleven per cent) of the net profits of the Company in the relevant financial year, computed in the manner prescribed under the Companies Act. Further, except with the approval of the Company in general meeting:

- (a) The remuneration payable to any one Managing Director; or Whole-time Director or Manager shall not exceed 5% of the net profits of the Company and if there is more than one such Directors, remuneration shall not exceed ten per cent of the net profits to all such Directors and Manager taken together;
- (b) The remuneration payable to Directors who are not Managing Directors nor Whole-time Directors shall not exceed 1% (one per cent) of the net profits of the Company.

**Manner of payment:** Remuneration payable to Key Managerial Personnel and Senior Management may be mix of (i) fixed components such as salary, perquisites and allowances and (ii) variable components including commission, based on the individual performance and the performance of the Company, as determined by the Board, provided that the remuneration payable to the Directors shall be subject to the prior/post approval of the shareholders of the Company and/or the Central Government, as may be required under the applicable laws.



**Perquisites/allowances:** The Company may offer perquisites and allowances such as house rent allowance, leave travel concession, medical reimbursement, club membership, personal accident insurance and such other benefits, facilities and allowances, to Directors, Key Managerial Personnel and Senior Management as determined by the Board from time to time.

**Stock Options:** The Company may issue stock option to its Directors (other than Independent Directors), Key Managerial Personnel and Senior Management, as it may deem fit.

**Sitting Fee:** Non-executive Directors of the Company may be entitled to a sitting fee, as determined by the Board or the Company in accordance with the provisions of the Companies Act. No Executive Director shall be entitled to receive a sitting fee for attending Board meeting of the Company. Sitting fee will not be considered as a part of remuneration for determining the aggregate managerial remuneration being paid to Directors in accordance with this Policy.

**Remuneration to Non-Executive Directors:** Non-Executive Directors may receive remuneration by way of (i) Sitting Fee, (ii) reimbursement of expenses for participation in the Board and other meetings; (iii) profit related commission as may be approved by the shareholders and (iv) in such other manner as may be permitted under applicable law. An Independent Director shall not be entitled to any stock option.

**Fee for professional services:** It is clarified that, the fee payable to a Director for any professional services rendered by him to the Company shall not be considered as a part of the relevant Director's remuneration. Further, payment of such professional fee shall not require approval of the shareholders, if the Committee is satisfied that the Director possess the relevant qualifications for practicing the profession. Provided however that in case approval of the shareholders is required pursuant to the related party transactions policy of the Company or under the Companies Act (by virtue of such a transaction being considered as a contract or arrangement for availing any services and/or for appointment of a related party to any office or place of profit in the Company), such approval shall be obtained, in accordance with the provisions of the Companies Act or the Listing Agreement.

**Professional Indemnity:** The Company may take such professional indemnity and liability insurance policy for its Directors. Key Managerial Persons and Senior Management, as the Board may deem fit and the premium paid on such insurance shall not to be treated as part of the remuneration payable to any such personnel, except as otherwise provided under the Companies Act.

**Minimum Remuneration:** if, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director in accordance with the provisions of Part II of Schedule V to the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

**Provisions for excess remuneration:** if any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it, unless permitted by the Central Government.

#### **EVALUATION:**

The Committee shall review the performance of every Director as per the criteria laid down by the Committee as detailed below for evaluation of performance and submit its report to the Board.

#### **Criteria for Evaluation of Independent Director and the Board:**

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

1) **Executive Directors:**

The Executive Directors shall be evaluated on the basis of Targets/ Criteria given to Executive Directors by the Board from time to time.

2) **Non-Executive Directors:**

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e.

Whether they:

- (a) Act objectively and constructively while exercising their duties;
- (b) Exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;

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- (d) Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) Refrain from any action that would lead to loss of his independence;
- (f) Inform the Board immediately when they lose their independence;
- (g) Assist the Company in implementing the best corporate governance practices;
- (h) Strive to attend all meetings of the Board of Directors and the Committees;
- (i) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) Strive to attend the general meetings of the Company;
- (k) Keep themselves well informed about the Company and the external environment in which it operates;
- (l) Do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- (m) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
- (n) Abide by Company's Memorandum and Articles of Association, Company's Policies and procedures including code of conduct, insider trading guidelines etc.

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

(Amount in ₹)					
Name of Director	Basic Salary & Allowances	Perquisites	Contribution to PF	Sitting Fees	Total
Shri S. K. Somany	-	-	-	10,000	10,000
Shri A. K. Somany	28,51,200	4,20,000	3,42,144	-	36,13,344
Shri Shrikant Bhat	19,04,580	6,06,853	1,74,348	-	26,85,781
Shri B. K. Hurkat	-	-	-	10,000	10,000
Shri M. H. Shah	-	-	-	2,500	2,500
Smt. N. Loyalka	-	-	-	-	-

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

The appointment of Shri A. K. Somany, Managing Director is contractual for a period of 3(Three) years commencing from 22<sup>nd</sup> January, 2014. The service of Shri A. K. Somany may be terminated by giving 6(Six) months notice or alternatively 6(Six) months' salary in lieu of such notice period. No stock option was issued to Shri Somany.

The appointment of Shri Shrikant Bhat, Executive Director is contractual for a period of 3(Three) years commencing from 18<sup>th</sup> January, 2013. The service of Shri Shrikant Bhat may be terminated by giving 2(Two) months notice or alternatively 2(Two) months' salary in lieu of such notice period. No stock option was issued to Shri Bhat.

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

### **C) STAKEHOLDERS' RELATIONSHIP COMMITTEE (Formerly: Shareholders' / Investors' Grievance Committee)**

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

The Company attaches highest importance to the Investor relations. The Board of Directors of the Company have re-constituted the Stakeholders' Relationship Committee to focus on the prompt and effective redressal of the shareholders complaints and grievances and strengthening of the Investor relations.


**a) Terms of reference:**

The committee acts in accordance with the terms of reference specified by the Board from time to time as per the guidelines set out in the Companies Act, 2013 and Listing Agreement of the Stock Exchanges, which inter-alia include overseeing and reviewing all matters connected with Investors' complaints and redressal mechanism as per applicable statutory and regulatory provisions.

The gist of terms of reference is as under :-

- Redressing complaints and grievances of 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 31.03.2015, 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 five times during the year on 30<sup>th</sup> May, 2014, 30<sup>th</sup> June, 2014, 30<sup>th</sup> September, 2014, 31<sup>st</sup> December, 2014 and 31<sup>st</sup> March, 2015. The attendance of members was as follows:

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri S. K. Somany	Non-Executive Non-Independent Promoter Director	Chairman	2
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	5
Shri B. K. Hurkat	Non-Executive Independent Director	Member	5
Shri M. H. Shah*	Non-Executive Independent Director	Member	1
Smt. N. Loyalka**	Non-Executive Independent Director	Member	-

\* Nominated/appointed w.e.f. 10<sup>th</sup> February, 2015

\*\* Nominated/appointed w.e.f. 11<sup>th</sup> February, 2015

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

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

**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 Agreement with the Stock Exchanges in India and pursuant to the provisions of the Articles of Association of the Company. The Committee has been delegated authority and power to administer share transfer activities, formalities and mechanism.

## ANNUAL REPORT 2014-2015

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, 2015 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, the Committee had 12 (Twelve) Meetings for approval of transfer of shares lodged with the Company and the attendance of members was as under:-

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri S. K. Somany	Non-Executive Non-Independent Promoter Director	Chairman	2
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	12
Shri B. K. Hurkat	Non-Executive Independent Director	Member	12
Shri M. H. Shah*	Non-Executive Independent Director	Member	2
Smt. N. Loyalka**	Non-Executive Independent Director	Member	0

\* Nominated/appointed w.e.f. 10<sup>th</sup> February, 2015

\*\* Nominated/appointed w.e.f. 11<sup>th</sup> February, 2015

There were no valid share transfers pending for registration for more than 15 days as on 31.03.2015.

**E) RISK MANAGEMENT COMMITTEE**

Business Risk Evaluation and Management is an ongoing process within the Organisation. The Board had, at its meeting held on 14<sup>th</sup> November, 2014, constituted the Risk Management Committee in compliance with the requirement under Clause 49(VI) of the Listing Agreement. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

The Committee had been formulated Company's Risk Management Policies to respond swiftly to the internal and external risks associated with the business and implement thereof necessary mitigation activities. A prudent risk management framework had been developed, such that cautious approach could be undertaken to identify and analyse internal and external risks and minimize its impact on operations.

The Committee reviewed the risk trend, exposure and potential impact analysis carried out by the management and the mitigation plans were finalized and up to date and the progress of mitigation actions were monitored. The business transacted at the meeting is placed before the Board regularly. The Risk Management Committee met once in the Financial Year.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of Risk management performed by the executive management;
- Reviewing the Risk Management Policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle; and
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan.

**Composition**

As on 31<sup>st</sup> March, 2015 the Risk Management Committee comprised of one (1) Non-Executive Non-Independent Promoter Director as Chairman, One (1) Non-Executive Independent Director and One (1) Senior Executive of the Company (CFO), as members of the Committee. The Committee met once during the year on 31<sup>st</sup> March, 2015 and the attendance of members was as under:-

<b>Name of the Member</b>	<b>Category of Directorship</b>	<b>Status</b>	<b>No. of Meetings attended</b>
Shri S. K. Somany	Non-Executive Non-Independent Promoter Director	Chairman	1
Shri B. K. Hurkat	Non-Executive Independent Director	Member	1
Shri M. B. Parakh	Senior Executive of the Company (CFO)	Member	1

**F) SEPARATE MEETING OF INDEPENDENT DIRECTORS**

During the year under review, the Independent Directors met on 11<sup>th</sup> February, 2015, 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 Clause 49 of the Listing Agreement 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. <https://www.somatextiles.com>.

**6. GENERAL BODY MEETINGS****Annual General Meeting:****(i) Location and time of last three Annual General Meetings (AGM) are as under:**

<b>Financial Year</b>	<b>AGM</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
2013-14	76 <sup>th</sup>	29.08.2014	3:00 P.M.	Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.
2012-13	75 <sup>th</sup>	09.09.2013	2-30 P.M.	Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.
2011-12	74 <sup>th</sup>	19.09.2012	2-30 P.M.	- same as above -

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

<b>In the AGM held on</b>	<b>Subject matter of the resolution</b>
29 <sup>th</sup> August, 2014	None of the Special Resolution passed at the AGM.
9 <sup>th</sup> September, 2013	<ul style="list-style-type: none"> <li>a) Amendment to Capital Clause in Articles of Association of the Company.</li> <li>b) Issue of Cumulative Redeemable Non-convertible Preference Shares to the Promoters' and/or Promoters Group Companies on Preferential/Private Placement Basis.</li> <li>c) Re-appointment of Shri A. K. Somany, as Managing Director for 3 (Three) years from 22<sup>nd</sup> January, 2014.</li> <li>d) Commission to Directors of the Company in the event of profits (Other than the Managing and Whole-time Directors).</li> </ul>
19 <sup>th</sup> September, 2012	Re-appointment of Shri Shriknat Bhat as Whole-time Director designated as Executive Director for 3 (Three) years from 18 <sup>th</sup> January, 2013.

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## Special Resolution(s) passed through Postal Ballot:

During the fiscal 2015, the Company passed the following Special Resolutions by Postal Ballot:

Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of votes	%	No. of votes	%	
Borrowing powers of the Board of Directors under Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013	1,63,18,446	99.99	759	0.01	20 <sup>th</sup> October, 2015
Sale, lease, transfer or otherwise dispose of or dealing with Company's properties or undertaking and creation of charges/ mortgage/ hypothecation on movable and immovable properties of the Company, both present and future u/s 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013	1,63,18,146	99.99	759	0.01	20 <sup>th</sup> October, 2015

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items 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:

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. 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, [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 parties transactions have been disclosed in the Notes to the Accounts, in the Financial Statements of the Company as at 31<sup>st</sup> March, 2015.

### **(ii) Compliance:**

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

### **(iii) 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 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. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on website of the Company i.e. [www.somatextiles.com](http://www.somatextiles.com). No personnel is being denied any access to the Audit Committee.

### **(iv) Compliance with Mandatory/Non-Mandatory requirements of Clause 49 of the Listing Agreement:**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:-

**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, 2015

### **(v) 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 Clause 49 of the Listing Agreement. 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 Clause 41 of the Listing Agreement. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

### **(vi) 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.

### **(vii) Disclosure on Accounting Treatment:**

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

## **8. MEANS OF COMMUNICATION**

### **(i) Quarterly Results**

Quarterly Results after being reviewed by the Audit Committee are considered and approved by the Board of Directors and submitted to the Stock Exchanges as per Listing Agreements.

### **(ii) Newspaper wherein results normally published**

Business Standard (English), Kolkata and Kalantar (Bengali), Kolkata



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(iii) Any Web Site, where displayed	The Company has its own website <a href="http://www.somatextiles.com">www.somatextiles.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 fillings, like the Shareholding pattern, Corporate Governance Report etc. are also filed electronically on NEAPS.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### (i) Annual General Meeting:

The 77<sup>th</sup> Annual General Meeting is proposed to be held on Thursday, the 17<sup>th</sup> September, 2015 at 2:30 P.M. at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.

### (ii) Financial year:

**2015-2016 (1<sup>st</sup> April to 31<sup>st</sup> March)**

First Quarterly results	Within 45 days of end of June quarter 2015
Second Quarterly Results	Within 45 days of end of September quarter 2015
Third Quarterly Results	Within 45 days of end of December quarter 2015
Audited Financial Results for the year ended 31.03.2016	Within 60 days of end of Financial Year March, 2015

### (iii) Date of Book Closure:

Tuesday, the 8<sup>th</sup> September, 2015 to Thursday, the 17<sup>th</sup> September, 2015 (both days inclusive).

### (iv) Dividend Payment Date:

No dividend has been declared by the Company for the financial year 2014-15.

### (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:

- Listing fees have been paid to the Stock Exchanges for the year 2014-15.
- The Calcutta Stock Exchange Association Ltd., has vide its Letter No. CSEA/ID/223/2008 dated 16<sup>th</sup> April, 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

### (vi) Stock Code:

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

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

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

Months	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2014	3.85	2.60	4.07	2.55
May 2014	4.65	3.60	4.75	3.75
June 2014	5.50	3.85	5.71	4.18
July 2014	6.20	4.10	6.18	4.21
August 2014	4.60	3.50	4.86	3.62
September 2014	4.55	3.35	4.99	3.45
October 2014	4.85	3.80	4.94	3.78
November 2014	4.45	3.40	4.25	3.75
December 2014	4.15	2.85	3.90	2.85
January 2015	3.60	2.75	3.44	2.70
February 2015	3.75	2.80	3.60	2.97
March 2015	3.35	2.55	3.37	2.51

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

Months	BSE		BSE Index	
	High (₹)	Low (₹)	High	Low
April 2014	4.07	2.55	22,939.31	22,197.51
May 2014	4.75	3.75	25,375.63	22,277.04
June 2014	5.71	4.18	25,725.12	24,270.20
July 2014	6.18	4.21	26,300.17	24,892.00
August 2014	4.86	3.62	26,674.38	25,232.82
September 2014	4.99	3.45	27,354.99	26,220.49
October 2014	4.94	3.78	27,894.32	25,910.77
November 2014	4.25	3.75	28,822.37	27,739.56
December 2014	3.90	2.85	28,809.64	26,469.42
January 2015	3.44	2.70	29,844.16	26,776.12
February 2015	3.60	2.97	29,560.32	28,044.49
March 2015	3.37	2.51	30,024.74	27,248.45

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

Sharepro Services (India) Pvt. Ltd.

Unit: Soma Textiles &amp; Industries Limited

13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinaka, Andheri East, Mumbai-400 072

Phone No.: 022-67720300/67720400, Fax: 022-28591568 E-mail : sharepro@shareproservices.com

**and/ or****Branch office at :**Devnandan Mega Mall, Office No. 416-420, 4<sup>th</sup> Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad-380 006

Phone No. : 079 – 2682381/82/83/84, Fax : 079 - 2658385 E-mail : sharepro.ahmedabad@shareproservices.com

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## (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 Clause 47(C) of the Listing Agreement with the Stock Exchanges and files a copy of certificate with the Stock Exchanges.

## (xi) Secretarial Audit for Reconciliation of Share Capital:

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

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

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

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

## (xiii) Distribution of shareholding:

(a) The shareholding distribution of equity shares as at 31<sup>st</sup> March, 2015 is given below:

No. of Equity Shares		Shareholders		Shareholding	
From	To	Number	% of total	Number	% of total
1	500	8,394	77.49	16,33,130	4.94
501	1000	1,072	9.90	9,41,464	2.85
1001	2000	565	5.22	9,20,116	2.78
2001	3000	237	2.19	6,15,881	1.87
3001	4000	98	0.90	3,56,898	1.08
4001	5000	118	1.09	5,63,898	1.71
5001	10000	186	1.72	14,20,116	4.30
10001	Above	162	1.49	2,65,81,497	80.47
Total		10,832	100.00	3,30,33,000	100.00

(b) Shareholding pattern as at 31<sup>st</sup> March, 2015

Category	No. of shares held	% shares holding
Promoters	1,62,77,241	49.28%
Resident Individuals	94,13,164	28.50%
Private Corporate Bodies	21,98,899	6.65%
Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds	12,344	0.04%
OCBs and NRIs	1,42,047	0.43%
Foreign Institutional Investors	49,87,000	15.09%
Others (Clearing Members)	2,305	0.01%
<b>Total</b>	<b>3,30,33,000</b>	<b>100.00%</b>



**(xiv) Dematerialisation of Equity Shares**

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

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

As on 31<sup>st</sup> March, 2015, the Company had no outstanding GDRs/ADRs/warrants or any convertible instruments

**(xvi) Plant Locations**

(1) Rakhial Road, Ahmedabad – 380 023

**(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

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**DECLARATION OF CODE OF CONDUCT**

To The Members of Soma Textiles & Industries Limited

Sub : Declaration by the Managing Director (CEO) under Clause 49(II)(E)(2) of the Listing Agreement.

I, Arvind Kumar Somany, Managing Director of Soma Textiles & Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31<sup>st</sup> March, 2015.

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

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

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

To the Members of,  
Soma Textiles & Industries Ltd.

We have examined the compliance of conditions of corporate governance by M/s. Soma Textiles & Industries Ltd., for the year ended on 31<sup>st</sup> March 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

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

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

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

**For PIPARA & COMPANY**  
Chartered Accountants

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

(Partner)  
Membership No. : 034289  
Firm Regn. No. : 107929W

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
**SOMA TEXTILES & INDUSTRIES LIMITED**

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of **SOMA TEXTILES & INDUSTRIES LIMITED**, which comprise the Balance Sheet as at **March 31, 2015**, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 4. Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date and;
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### 5. Emphasis of Matter

- (a) We draw attention to Note 12.2 to the Financial Statement, relating to Account Receivables of Soma Textiles FZC, an associate enterprise of the company, whereby the debtors have requested the company for 2 years



cooling period i.e. till March 2016. The amount of such debtors is AED 6,26,31,823. We are unable to comment on said receivables of Soma Textiles FZC, which are deemed to be good by Independent Auditor of Soma Textiles FZC-'Business Management World Auditors & Business Consultants'. The company has shown a loan amount of ₹9852.39 lakhs (Previous year ₹9444.17 lakhs) given to Soma Textile FZC (UAE) out of GDR proceeds, classifies as long term loan. This loan had been advanced by the company as a Quasi- Equity (Note 12) in addition to the capital of Soma Textile FZC when the said loan was given, the said company was a wholly owned subsidiary, however, with effect from 31st March 2010, the company's holding in this company has diluted from 100% to 40%. In the financial statements of Soma Textile FZC ended as at 31.03.2015 the accumulated loss reflects at AED 5,64,690 as against Total Capital of AED 9,00,000 (including Statutory Reserves). Our opinion is not qualified in this matter.

**(b) Attention to the following is invited:**

As per the provisions of Section 23 of SICA Act, 1985 the Accumulated Losses of the company as at 31<sup>st</sup> March, 2015 have resulted in erosion of more than 50% of its peak net worth during the four financial years immediately preceding the financial year ended on 31<sup>st</sup> March, 2015. Consequent upon, the company has become a "Potentially Sick Company" under the said provision.

**6. Report on Other Legal and Regulatory Requirements**

- (i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 & 4 of the said Order to the extent applicable.
- (ii) As required by section 143 (3) of the Act, 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 purposes of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) 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, 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 litigation on its financial position in its financial statements- (Refer Note 31 to the financial statements).
    - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

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

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

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

# ANNUAL REPORT 2014-2015

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## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

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

- (i) In respect of its fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a phased programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. In accordance with this programme, the management has verified fixed assets during the year and no material discrepancies have been noticed on such verification.
- (ii) In respect of its inventory:
  - (a) The management conducts regular physical verification of inventory at reasonable intervals commensurate and adequate to the size of its operations. In our opinion the frequency of physical verification is reasonable having regard to the size and nature of business of company.
  - (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories. Some immaterial discrepancies were noticed on physical verification which have been properly dealt with in the books of account.
- (iii) (a) The company has granted interest free loan (quasi-equity) to its Associate, Soma Textile FZC. Total amount outstanding on 31st March 2015 was ₹ 9852.39 lakhs.
  - (b) There are no terms and conditions set out by the Company as on date for the loans given to Soma Textile FZC therefore, we are unable to report on regularity of receipt of principal amount.
  - (c) As there is no stipulation of repayment of loan by Associate, we are unable to report on overdue amount and reasonability of the steps taken by the company for the recovery of the principal.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public thus, directives issued by Reserve Bank of India the Provisions of the section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under or any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal do not apply to Company.
- (vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost record under sub-section (1) of section 148 of the Companies Act, 2013 and are of opinion that, prima facie, the prescribed accounts & records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to information and explanation given to us in respect of statutory dues:
  - (a) According to the information and explanations given to us, and on the basis of our examination of the books of accounts, the Company has generally been regular in depositing the undisputed statutory dues including Income- Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty, Cess and other material Statutory dues during the period with the appropriate authorities. At the end of the year, there were no undisputed amount payable for a period of more than six months from the date they became payable.



- (b) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31.03.2015 on account of dispute are given below:

Name of Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which it relates	Forum where dispute is pending
Central Excise Act, 1944	Recovery of CENVAT	1.59	2004-05	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.
Central Excise Act, 1944	Recovery of additional TTA duty of Yarn captively consumed	24.85	2002-03	The Dy. Commissioner of C. Excise, Div-III, Ahmedabad.
Central Excise Act, 1944	Refund claim for amount short received against refund claim of yarn duty after adjusting the old recovery	0.98	2005-06	Commissioner of Central Excise, (Appeals), Ahmedabad
Central Excise Act, 1944	Demand for old duty	0.50	2008-09	CESAT, West Zone, Ahmedabad
Central Excise Act, 1944	Recovery of transitional Cenvat	5.81	2012-13	CESAT, West Zone, Ahmedabad (Appeal)
The Income Tax Act-1961	Demand of Income Tax	9.77	A.Y. 2006-07	Asst. Commissioner of Income Tax, Cir.-8, Ahmedabad
The Income Tax Act-1961	Demand of Income Tax	14.55	A.Y. 2007-08	Commissioner of Income Tax (Appeal), Ahmedabad
Gujarat Sales Tax Act-1969	Additional Sales Tax	6.17	1997-98, 1998-99 & 2000-01	Gujarat Value Added Tax Tribunal

- (c) There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund By Company.

- (viii) The accumulated loss of the Company at the end of the financial year exceeds fifty percent of its net worth and also the company has incurred cash losses in the current financial year.
- (ix) In our opinion and according to the information & explanations given to us, the company has defaulted in repayment of dues to financial institution and banks. (Please Refer Note 3.3 to Financial Statements)
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the explanations given to us the term loans were applied only for the purpose for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year under audit and even up to the date of our audit.

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

**GYAN PIPARA**  
(Partner)

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

Membership No.034289



# ANNUAL REPORT 2014-2015

## BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in lakhs)

Particulars	Note	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	4,297.75	4,297.75
(b) Reserves and surplus	2	(1,632.68)	1,925.09
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	2,514.70	5,643.98
(c) Other Long term liabilities	4	201.34	2,244.92
(d) Long-term provisions	5	443.09	385.78
<b>Current liabilities</b>			
(a) Short-term borrowings	6	10,174.55	11,471.28
(b) Trade payables		1,747.82	1,719.17
(c) Other current liabilities	7	5,390.53	2,207.75
(d) Short-term provisions	8	101.71	102.84
<b>TOTAL</b>		<b>23,238.81</b>	<b>29,998.56</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		4,795.10	7,035.30
(ii) Intangible assets		58.23	72.89
(iii) Capital work-in-progress		5.72	24.46
(b) Non-current investments	10	34.22	34.42
(c) Deferred tax assets (net)	11	1,657.08	550.08
(d) Long-term loans and advances	12	10,072.14	9,630.70
(e) Other non-current assets	13	1.50	13.86
<b>Current assets</b>			
(a) Inventories	14	3,295.18	6,877.59
(b) Trade receivables	15	1,933.94	4,306.77
(c) Cash and cash equivalents	16	115.46	324.31
(d) Short-term loans and advances	17	82.67	73.42
(e) Other current assets	18	1,187.57	1,054.78
<b>TOTAL</b>		<b>23,238.81</b>	<b>29,998.56</b>

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

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

**GYAN PIPARA**  
PARTNER  
Membership No. : 034289  
Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

### For and on behalf of the Board

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

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lakhs)

<b>Particulars</b>	<b>Note</b>	<b>2014-15</b>	<b>2013-14</b>
I. Revenue from operations (Gross)	19	<b>22,553.80</b>	27,292.64
Less: Excise Duty		-	-
		<b>22,553.80</b>	27,292.64
II. Other income	20	<b>274.81</b>	499.12
III. <b>Total Revenue (I + II)</b>		<b>22,828.61</b>	<b>27,791.76</b>
IV. <b>Expenses:</b>			
Cost of materials consumed	21	<b>11,846.33</b>	17,313.38
Changes in inventories of finished goods and work-in-progress	22	<b>2,946.13</b>	(50.60)
Employee benefits expense	23	<b>2,058.71</b>	2,275.88
Finance costs	24	<b>2,251.83</b>	2,361.64
Depreciation	9	<b>1,827.28</b>	1,316.15
Other expenses	25	<b>6,662.51</b>	7,520.16
<b>Total expenses</b>		<b>27,592.80</b>	<b>30,736.60</b>
V. <b>Profit/(Loss) before Prior Period,Exceptional Item and Tax</b>		<b>(4,764.19)</b>	(2,944.84)
VI. Prior Period Items - (Expense)/Income	26	-	(14.08)
VII. Exceptional items	27	<b>389.13</b>	865.97
VIII. <b>Profit/(Loss) before extraordinary items and tax</b>		<b>(4,375.06)</b>	(2,092.95)
IX. Extraordinary Items		-	324.06
X. <b>Profit/(Loss) before tax</b>		<b>(4,375.06)</b>	(1,768.89)
XI. Tax expense:			
MAT Credit		-	18.10
Deferred tax		<b>1,017.00</b>	417.00
XII. <b>Profit/(Loss) for the period</b>		<b>(3,358.06)</b>	(1,333.79)
XIII. <b>Earnings per equity share:</b>			
(1) Basic	28	<b>(10.17)</b>	(4.04)
(2) Diluted	28	<b>(10.17)</b>	(4.04)

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

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

**GYAN PIPARA**  
PARTNER  
Membership No. : 034289  
Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

**For and on behalf of the Board**

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

# ANNUAL REPORT 2014-2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Pursuant to the listing agreement with Stock Exchanges)

(₹ in lakhs)

	2015	2014
<b>A Cash flow from operating activities</b>		
Profit/(Loss) before prior period items/exceptional items & tax	(4,764.18)	(2,620.78)
Adjustment for:		
- Depreciation	1,827.28	1,316.15
- Profit on sale of fixed assets	(49.11)	(422.62)
- Interest (Net)	2,251.83	2,361.64
	<u>4,030.00</u>	<u>3,255.17</u>
Operating profit/(Loss) before working capital changes	(734.18)	634.39
Adjustment for :		
- Trade receivables	2,372.83	527.92
- Other receivables	(371.70)	(890.34)
- Inventories	3,582.42	191.13
- Trade payables	(6.58)	(1,967.14)
	<u>5,576.97</u>	<u>(2,138.43)</u>
Cash generated from operations	4,842.79	(1,504.04)
- Direct Taxes paid	-	18.10
	<u>-</u>	<u>18.10</u>
Cash flow before prior period items/exceptional items	4,842.79	(1,485.94)
- Prior period items	-	(14.08)
- Exceptional items	389.13	865.97
<b>Net Cash flow from operating activities</b>	<u>5,231.91</u>	<u>(634.05)</u>
<b>B Cash flow from investing activities :</b>		
- Purchase of fixed assets	(45.52)	(793.64)
- Sale of fixed assets	251.23	3,164.52
- Sale of investments	0.20	-
- Interest received	41.33	68.66
<b>Net cash from investing activities</b>	<u>247.24</u>	<u>2,439.55</u>
<b>C Cash flow from financing activities :</b>		
- Total proceeds from borrowings (net of repayments)	(1,201.86)	(1,267.25)
- Interest paid	(2,313.72)	(2,443.59)
- Trade Deposits	-	(0.10)
- Trade Payables- other than acceptances	(2,043.58)	2,043.58
- Unsecured loan from promoters	70.00	(182.00)
<b>Net cash from financing activities</b>	<u>(5,489.16)</u>	<u>(1,849.35)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>(10.01)</u>	<u>(43.85)</u>
Cash and cash equivalent as on 01.04.2014 (opening balance)	18.92	62.77
Cash and cash equivalent as on 31.03.2015 (closing balance)	8.92	18.92

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

**GYAN PIPARA**  
PARTNER  
Membership No. : 034289  
Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

For and on behalf of the Board

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



## **SIGNIFICANT ACCOUNTING POLICIES**

### **1 Basis of preparation :**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply with the provisions of Companies Act, 2013, generally accepted accounting principles in India and Companies (Accounting Standards) Rules 2006 as amended from time to time to the extent applicable.

### **2 Revenue recognition :**

- (a) Sales including export sales and trading sales are recognised when goods are dispatched from the factory and are recorded at net of shortages, claims settled, discounts, rate differences, rebate allowed to customers.
- (b) Export Sales are booked on the rate prevailing on the date of transaction and the resultant gain or loss on realisation is accounted as "Foreign Exchange Rate Fluctuation" and is dealt in the Statement of Profit and Loss.
- (c) Export incentives are accounted in the year of export.
- (d) Any fluctuation, on account of a capital asset/ liability are accounted in that relevant accounting head.

### **3 A) Fixed assets :**

- (a) During the year ended 31st March, 2015, the company has provided depreciation on fixed assets considering useful lives specified in Schedule II of the Companies Act, 2013 or re-assessed by the Company. Fixed Assets are stated at cost, net of accumulated depreciation and impairment loss, if any. All costs including financing costs till the commencement of commercial production related to the acquisition and installation of the respective assets have been capitalized. This year Fixed Assets value has been recalculated to realign the depreciation and in turn the carrying value as per Schedule II of Companies Act, 2013. Depreciation to the tune of ₹289.71 lacs has been charged towards recalculations pertaining to previous years, and ₹ 90.00 has been charged to Deferred Tax Assets. Remaining balance ₹199.71 lacs has been deducted from Reserve and Surplus.

The depreciation and amortisation expenses charged for the year ended 31st March, 2015 would have been lower by ₹ 621.49 lacs had the company continued with previous assessment of useful life of such asset.

- (b) Cost of leasehold land is not amortised over the period of lease, as the same is not applicable as per Accounting Standards 19.
- (c) Amount incurred towards capital work-in-progress will be suitably apportioned to the respective Fixed Assets on commissioning of assets.
- (d) Assets, identified and evaluated technically as obsolete and held for disposal have been written off in relevant year and adjusted from profit on sale of Fixed Assets.
- (e) The 10% Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery has been deducted from the respective Fixed Assets and is represented at their Net off values.

### **B) Depreciation :**

Depreciation on fixed assets is charged on Straight Line Method (SLM) on prorata basis, except on the fixed assets purchased during the period 1st April, 1988 to 31st March, 2005 on which depreciation has been charged on Written Down Value Method on prorata basis. Depreciation on addition to Fixed Assets is provided on prorata basis from the date of acquisition or installation and depreciation on assets sold/discarded/ demolished/ scrapped is provided upto the date on which the said asset is sold/discarded/ demolished/scrapped.

### **4 Inventories :**

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

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

### **5 Baramati Unit:**

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

# ANNUAL REPORT 2014-2015

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## **6 Investments :**

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

## **7 Foreign exchange transaction :**

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

## **8 Use of estimates :**

The preparation of financial statement in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of the information in the financial statement has been made relying on these estimates. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which these results are known/ materialised.

## **9 Impairment of assets :**

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

## **10 Employee benefits :**

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

## **11 Research and development expenses :**

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

## **12 Treatment of contingent liabilities :**

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

## **13 Taxation :**

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lakhs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>1 Share Capital</b>		
<b>Authorised</b>		
40,000,000 (Previous year 50,000,000) Equity Shares of ₹ 10 each	<b>4,000.00</b>	4,000.00
1,000,000 0.01% Cumulative Redeemable Non -convertible Preference Shares of ₹ 100 each	<b>1,000.00</b>	1,000.00
<b>Issued</b>		
33,418,300 (Previous year 33,418,300) Equity Shares of ₹10 each	<b>3,341.83</b>	3,341.83
975,000 (Previous year NIL) 0.01% Cumulative Redeemable Non -convertible Preference Shares of ₹ 100 each	<b>975.00</b>	975.00
<b>Subscribed &amp; Paid up</b>		
33,033,000 (Previous year 33,033,000) Equity Shares of ₹10 each	<b>3,303.30</b>	3,303.30
975,000 (Previous year NIL) 0.01% Cumulative Redeemable Non -convertible Preference Shares of ₹ 100 each *	<b>975.00</b>	975.00
<p>*During the year 2013-14 975000 - 0.01% Cumulative Redeemable Non-Convertible Preference Shares of the face value of ₹ 100 each were issued on 8th November, 2013 to the Company's Promoters and Promoter's Group companies, for cash at par aggregating to ₹ 975 lacs in proportion to their contribution/share application money received from them in compliance with the stipulation prescribed under the Capital Debt Restructuring (CDR) Scheme, sanctioned by CDR Cell to the Company vide LOA No. CDR (AG) No. 1110/2008-2009 dated 26th February, 2009 read with their further approval no. BY. CDR/SSA/No. 183/2013-14 dated 3rd June, 2013, for funding the Cost of Capital Restructuring (CDR) Scheme.</p>		
<b>Add:</b>		
<b>Subscribed and not paid up</b>		
385,300 (previous year 385,300) equity shares of ₹ 10 each partly paid up ₹ 5 each forfeited in the year 1996-97	<b>19.45</b>	19.45
<b>Total</b>	<b>4,297.75</b>	4,297.75

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

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

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

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1.3 Reconciliation of the number of shares outstanding as at 31st March, 2015 and 31st March, 2014 is set out below:-

		(₹ in lakhs)	
		As at 31st March, 2015	As at 31st March, 2014
<b>a) Equity Shares</b>			
Shares at the beginning of the Year	33,033,000	33,033,000	
Add: Shares issued during the year	-	-	
Less: Shares bought back during the year	-	-	
Shares at the end of the Year	33,033,000	33,033,000	
<b>b) 0.01% Cumulative Redeemable Non -convertible Preference Shares</b>			
		As at 31st March, 2015	As at 31st March, 2014
Shares at the beginning of the Year	975,000	-	
Add: Shares issued during the year	-	975,000	
Less: Shares Redeemed during the year	-	-	
Preference Shares at the end of the Year	975,000	975,000	

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

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>a) Equity Shares</b>				
Krishnaa Glass Private Limited	6,997,716	21.18	8,297,716	25.12
Sarvopari Investment Private Limited	4,007,244	12.13	4,007,244	12.13
APMS Investment Fund Limited (Formerly Mavi Investment Fund Limited)	4,986,600	15.10	4,986,600	15.10
Surendra Kumar Somany	4,368,274	13.22	3,068,274	9.29
<b>b) Preference Shares</b>				
Krishnaa Glass Private Limited	345,000	35.38	345,000	35.38
Sarvopari Investment Private Limited	580,000	59.49	580,000	59.49
Surendra Kumar Somany	50,000	5.13	50,000	5.13

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

		(₹ in lakhs)	
		As at 31st March, 2015	As at 31st March, 2014
<b>2 Reserves and surplus</b>			
<b>a. Capital Reserves</b>			
As per last Balance Sheet	0.57	0.57	
<b>b. Securities Premium Account</b>			
As per last Balance Sheet	8,713.65	8,713.65	
<b>c. Debenture Redemption Reserve</b>			
As per last Balance Sheet	77.00	77.00	
<b>d. General Reserve</b>			
As per last Balance Sheet	18.58	18.58	
<b>e. Surplus</b>			
As per last Balance Sheet	(6,884.71)	(5,550.92)	
Adjustment as per Companies Act, 2013 for the reassessment of useful life of the Fixed Assets	(199.71)		
Profit/(Loss) for the period	(3,358.06)	(1,333.79)	
Closing Balance	(10,442.48)	(6,884.71)	
Total	(1,632.68)	1,925.09	

**3 Long term borrowings**

(₹ in lakhs)

	As at 31st March, 2015		As at 31st March, 2014	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
(a) Debentures	6.44	67.59	49.97	26.57
308,000 (Previous Year 308,000 )				
15% Secured Redeemable				
Non Convertible Debentures of				
₹ 100/- each				
- Refer Note:3.1a & 3.2a				
(b) <b>Term loan from Banks</b>				
Rupee Term Loan	1,237.79	3,966.15	3,944.27	1,546.19
Refer Note:				
3.1b & 3.2(a,b and C)				
Derivative Rupee Term Loan	75.92	272.55	238.39	136.27
Refer Note: 3.1b & 3.2d				
<b>FITL:</b>				
- on Debentures	6.84	16.74	20.92	2.89
Refer Note: 3.1c & 3.2(a,b and c)				
- on Term Loans	0.00	55.54	50.18	6.24
Refer Note: 3.1c & 3.2(a,b and c)				
- on Working Capital	253.38	237.64	452.80	38.21
Refer Note: 3.1c & 3.2(a,b and c)				
- on Derivative Loans	32.65	32.65	57.15	8.16
Refer Note: 3.1c & 3.2d				
<b>Interest on FITL:</b>				
- on Debentures	6.74	5.41	10.26	-
Refer Note: 3.1c & 3.2(a,b and c)				
- on Term Loans	0.00	28.01	23.60	-
Refer Note: 3.1c & 3.2(a,b and c)				
- on working capital	254.70	-	215.39	-
Refer Note: 3.1c & 3.2(a,b and c)				
- on Derivative Loans	4.21	-	3.56	-
Refer Note: 3.1c & 3.2d				
(c) <b>Term loan from others</b>	0.00	11.50	11.50	24.13
Refer Note: 3.1 (e) & 3.2 (e)				
<b>Other loans and advances (Unsecured)</b>				
Deferred payment liabilities	-	-	-	-
Leasehold Liability	4.04	-	4.00	-
Unsecured Loans from Promoters	632.00	-	562.00	-
<b>Total</b>	<b>2514.70</b>	<b>4693.77</b>	<b>5643.98</b>	<b>1788.66</b>

**3.1 Repayment:**

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

ICICI

Rate of Interest 14.82%

Repayment (₹ in lakhs)

2015-16 11.55

2016-17 6.44



- b) All term loan repayments are resheduled as per Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009. The company was under the CDR package, however, as the company had continuing default greater than 6 months, the company's accounts were classified as NPA by its bankers. On account of this, the company's CDR package stood as withdrawn as per letter dated 20.03.2015 from CDR. Their current status has been kept on as is basis until further agreements and conditions are laid down by the bankers. Two of the lending banks, being IDBI Bank Ltd. and EXIM Bank, have raised demand of payment of loan & interest, Amounts of Term Loan being ₹1827.44 lacs and ₹659.34 lacs respectively, hence these amounts has been classified accordingly, however in absence of any communication or demand notice from other lending banks, the company has stated the amount and terms of repayment as it is basis of CDR Package.
- c) All FITL are repayable on stepped basis as per Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009. The company was under the CDR package, however, as the company had continuing default greater than 6 months, the company's accounts were classified as NPA by its bankers. On account of this, the company's CDR package stood as withdrawn as per letter dated 20.03.2015 from CDR. Their current status has been kept on as is basis until further agreements and conditions are laid down by the bankers. IDBI Bank Ltd. has raised demand of payment of loan & interest ,amounts of FITL being ₹65.86 lacs, hence these amounts has been classified accordingly, however in absence of any communication or demand notice from other lending banks, the company has stated the amount and terms of repayment as it is basis of CDR Package.
- d) All Interest on FITL are repayable in two equal installments as per Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009. The company was under the CDR package, however, as the company had continuing default greater than 6 months, the company's accounts were classified as NPA by its bankers. On account of this, the company's CDR package stood as withdrawn as per letter dated 20.03.2015 from CDR. Their current status has been kept on as is basis until further agreements and conditions are laid down by the bankers. IDBI Bank Ltd. has raised demand of payment of loan & interest, amounts of Interest on FITL being ₹33.01 lacs, hence these amounts has been classified accordingly, however in absence of any communication or demand notice from other lending banks, the company has stated the amount and terms of repayment as it is basis of CDR Package.
- e) Repayment in 36 monthly instalments.

### 3.2 Security

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

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

<b>Particulars</b>	<b>As at 31st March, 2015</b>		<b>As at 31st March, 2014</b>	
	<b>Duration</b>	<b>Amount</b>	<b>Duration</b>	<b>Amount</b>
<b>Debentures</b>				
Principal	<b>Upto 30 days</b>	<b>2.89</b>	-	-
	<b>From 31 to 90 days</b>	<b>47.38</b>	-	-
	<b>From 91 to 180 days</b>	<b>2.89</b>	-	-
	<b>181 days &amp; above</b>	<b>2.89</b>	-	-
Interest	<b>Upto 30 days</b>	<b>0.30</b>	-	-
	<b>From 31 to 90 days</b>	<b>2.88</b>	-	-
	<b>From 91 to 180 days</b>	<b>0.90</b>	-	-
	<b>181 days &amp; above</b>	<b>0.90</b>	-	-
<b>Term loans from banks</b>				
Principal	<b>Upto 30 days</b>	<b>245.78</b>	-	-
	<b>From 31 to 90 days</b>	<b>2,439.95</b>	-	-
	<b>From 91 to 180 days</b>	<b>151.53</b>	-	-
	<b>181 days &amp; above</b>	<b>195.56</b>	-	-
Interest	<b>Upto 30 days</b>	<b>34.51</b>	-	-
	<b>From 31 to 90 days</b>	<b>240.87</b>	-	-
	<b>From 91 to 180 days</b>	<b>45.65</b>	-	-
	<b>181 days &amp; above</b>	<b>32.45</b>	-	-
<b>Derivative Rupee Term Loan</b>				
Principal	<b>Upto 30 days</b>	<b>34.07</b>	-	-
	<b>From 31 to 90 days</b>	<b>0.00</b>	-	-
	<b>From 91 to 180 days</b>	<b>34.07</b>	-	-
	<b>181 days &amp; above</b>	<b>68.14</b>	-	-
Interest	<b>Upto 30 days</b>	<b>4.11</b>	-	-
	<b>From 31 to 90 days</b>	<b>40.58</b>	-	-
	<b>From 91 to 180 days</b>	<b>9.55</b>	-	-
	<b>181 days &amp; above</b>	<b>7.32</b>	-	-
<b>FITL</b>				
Principal	<b>Upto 30 days</b>	<b>15.95</b>	-	-
	<b>From 31 to 90 days</b>	<b>65.86</b>	-	-
	<b>From 91 to 180 days</b>	<b>15.95</b>	-	-
	<b>181 days &amp; above</b>	<b>15.75</b>	-	-
Interest				
<b>TOTAL</b>				
Principal		<b>3,338.65</b>	-	-
Interest		<b>420.01</b>	-	-

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## 4 Other long term liabilities

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Earnest money against Land Development	200.07	200.07
Trade Payables- other than acceptances	-	2,043.58
Other Liability	1.27	1.27
<b>Total</b>	<b>201.34</b>	<b>2,244.92</b>

## 5 Long term provisions

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Provision for employee benefits</b>		
Gratuity	443.09	385.78
<b>Total</b>	<b>443.09</b>	<b>385.78</b>

## 6 Short term borrowings

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From Banks (Working Capital)	10,174.55	11,471.28
<b>Total</b>	<b>10,174.55</b>	<b>11,471.28</b>

6.1 The company was under the CDR package, however, as the company had continuing default greater than 6 months, the company's accounts were classified as NPA by its bankers. On account of this, the company's CDR package stood as withdrawn as per letter dated 20.03.2015 from CDR. Current status has been kept on as is basis until further agreements and conditions are laid down by the bankers.

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

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

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

## 7 Other current liabilities

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Current maturities of long-term debt	4,693.77	1,788.66
Interest accrued but not due on borrowings	0.70	24.90
Interest accrued and due on borrowings	425.42	36.35
Outstanding Liabilities	30.91	95.39
Advances received for sale of Commercial Units	77.39	71.38
Other payables*	162.34	191.08
<b>Total</b>	<b>5,390.53</b>	<b>2,207.75</b>

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



8 Short term provision		(₹ in lakhs)	
		As at 31st March, 2015	As at 31st March, 2014
<b>Provision for employee benefits</b>			
Bonus		10.65	11.20
Leave with wages		41.95	34.74
Gratuity Provision		49.11	56.90
<b>Total</b>		<b>101.71</b>	<b>102.84</b>

9	Fixed assets									(₹ in lakhs)		
Particulars		Gross Block			Accumulated Depreciation				Net Block			
	Balance as at 1st April, 2014	Additions	Deletions / Adjustments	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Charge for the Year	Deletions / Adjustments	Transfer to Reserves & Surplus as per Companies Act, 2013	Balance as at 31st March, 2015	As at 31st March 2015	As at 31st March 2014	
(i)	Tangible assets											
	Freehold land	0.38	-	0.00	0.38	-	-	-	-	0.38	4.17	
	Leasehold land	4.87	5.19	8.97	1.08	-	-	-	-	1.08	1.08	
	Freehold buildings	2,401.07	11.67	167.42	2,245.32	600.05	80.34	47.88	16.45	632.51	1,596.36	
	Leasehold buildings	9.31	-	-	9.31	1.10	0.15	-	-	1.25	8.21	
	Plant and equipment	14,237.61	35.48	445.13	13,827.97	9,246.13	1,693.95	386.04	270.59	10,554.05	3,003.32	
	Furniture and fixtures	71.07	0.08	4.21	66.95	42.48	6.18	3.02	0.04	45.65	28.59	
	Vehicles	203.88	6.76	31.14	179.50	62.61	24.09	18.59	0.23	68.12	141.26	
	Office equipment	209.40	5.08	11.38	203.10	149.91	7.91	10.61	2.40	147.21	59.49	
	Others (specify nature)											
	Total tangible assets	17,137.59	64.26	668.25	16,533.60	10,102.29	1,812.62	466.13	289.71	11,448.79	4,795.10	
(ii)	Intangible sssets											
	Computer software	153.90	-	-	153.90	81.01	14.66	-	-	95.67	72.89	
	Total Intangible assets	153.90	-	-	153.90	81.01	14.66	-	-	95.67	72.89	
(iii)	Capital work in progress	24.46	0.00	18.74	5.72	-	-	-	-	5.72	24.46	
	Total	17,315.95	64.26	686.99	16,693.22	10,183.31	1,827.28	466.13	289.71	11,544.46	4,859.05	

Consequent to the enactment of Companies Act, 2013 and the applicability of accounting period commencing from 1st April, 2014, the company has reassessed the remaining useful life of fixed assets in accordance with the provisions prescribed under Schedule II of the Act. Depreciation to the tune of ₹ 289.71 lacs has been charged towards recalculations pertaining to previous years, and ₹ 90.00 lacs have been charged to Deferred Tax Assets. Remaining balance of ₹ 199.71 lacs has been deducted from Reserve and Surplus. The depreciation and amortisation expenses charged for the year ended 31st March, 2015 would have been lower by ₹ 621.49 lacs had the company continued with previous assessment of the useful life of such assets.

10 Non-current investment (Unquoted)		(₹ in lakhs)	
		As at 31st March, 2015	As at 31st March, 2014
<b>Other Investments</b>			
Investment in Equity instruments			
2000 Equity shares of ₹ 10/- each of Kechak Credit & Finvest Pvt. Ltd.		-	0.20
300 Equity Share of AED 1000 each of Soma Textile FZC.		34.21	34.21
Other non-current investments		0.01	0.01
(5 Shares of ₹ 100/- each in Poonam Apt. Association )			
<b>Total</b>		<b>34.22</b>	<b>34.42</b>

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## 11 Deferred tax assets (net)

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Deferred Tax Assets</b>		
Unabsorbed Business losses and depreciation	1,905.66	1,237.78
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	158.58	687.70
Related to Fixed assets for reassessment of useful life	90.00	-
<b>Deferred Tax Assets (net)</b>	<b>1,657.08</b>	<b>550.08</b>

Consequent to the enactment of Companies Act, 2013 and the applicability of accounting period commencing from 1st April, 2014, the company has reassessed the remaining useful life of fixed assets in accordance with the provisions prescribed under Schedule II of the Act. Deferred Tax Asset has increased by ₹ 90.00 lacs due to such changes in method of depreciation as prescribed by companies act 2013.

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

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Security Deposits	130.02	129.98
Capital Advances	4.20	-
Income Tax Advance	67.43	38.45
MAT credit Entitlement	18.10	18.10
Soma Textiles FZC Loan Account (Refer Note 12.1 and 12.2)	9,852.39	9,444.17
<b>Total</b>	<b>10,072.14</b>	<b>9,630.70</b>

**12.1** The Company out of the GDR issue proceeds had made an investment of USD 15 million, which as on 31st March, 2015 is equivalent to INR ₹ 9852.39 lakhs (Previous Year INR ₹ 9,444.17 lakhs), by way of long term loan and also invested in the Equity Share capital i.e 300 equity shares equivalent to INR ₹ 34.21 lakhs (Previous Year INR ₹ 34.21 lakhs) of Soma Textile FZC, Sharjah, U.A.E. an associate (Formerly Soma Textile FZE, Sharjah, U.A.E., a wholly owned subsidiary).

During the financial year, the said associate has earned Profit of AED 20,850 (Previous Year Profit of AED 38,107). The accumulated loss incurred as on 31st March, 2015 is AED 564,690 (Previous Year AED 585,540) as per audited accounts, as certified by Business Management World Auditors & Business Consultants, Independent Auditors.

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

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

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Duties, Claims & Other Receivables	-	12.36
Other Non Current	1.50	1.50
<b>Total</b>	<b>1.50</b>	<b>13.86</b>

**14 Inventories**

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Raw Materials	264.03	910.36
Raw Materials in transit	-	0.12
Work-in-progress	931.42	3,391.69
Finished goods	1,491.37	1,977.55
Stores and spares	597.57	587.41
Waste	10.79	10.46
<b>Total</b>	<b>3,295.18</b>	<b>6,877.59</b>

**15 Trade receivables**

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Outstanding for a period exceeding six months from the due date:		
Unsecured	14.71	15.55
Other Debts:		
Secured	728.99	2,068.73
Unsecured	1,190.23	2,222.48
<b>Total</b>	<b>1,933.94</b>	<b>4,306.77</b>

**16 Cash and cash equivalents**

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Cash and cash equivalents		
Balances with Banks	7.26	16.40
Cash on hand	1.66	2.52
	<b>8.92</b>	<b>18.92</b>
Other Bank Balances		
Margin money	91.12	286.40
Bank Deposits	15.43	18.99
<b>Total</b>	<b>115.46</b>	<b>324.31</b>

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

# ANNUAL REPORT 2014-2015

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

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Advances recoverable in cash or in kind or for value to be received	45.18	35.92
Balance with Central Excise in Current Account	37.50	37.50
<b>Total</b>	<b>82.67</b>	<b>73.42</b>

## 18 Other current assets

	(₹ in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Export Incentive Receivable	725.72	607.36
Duties, Claims & Other Receivables	348.06	263.26
Interest Receivable under TUF Scheme	103.08	169.79
Interest Accrued	10.72	14.36
<b>Total</b>	<b>1,187.57</b>	<b>1,054.78</b>

## 19 Revenue from operations (Gross)

	(₹ in lakhs)	
	2014-15	2013-14
a) Sale of products	21,991.75	26,511.65
b) Other operating revenues		
(i) Export Incentive	364.13	392.25
(ii) Waste and Scrap Sale	197.92	388.74
	562.05	780.99
<b>Total</b>	<b>22,553.80</b>	<b>27,292.64</b>

### Detail of sales of Products:

	(₹ in lakhs)	
	2014-15	2013-14
Cloth	19,759.37	22,771.68
Yarn*	74.43	1,061.73
Garment	2,157.95	2,678.24
<b>Total</b>	<b>21,991.75</b>	<b>26,511.65</b>

## 20 Other income

	(₹ in lakhs)	
	2014-15	2013-14
Rent	0.69	17.05
Insurance & Other claims	3.44	32.18
Interest Incentive under TUF Scheme	123.76	285.38
Profit on Sale of Investment	2.20	-
Profit on Sale of Fixed Assets	49.11	98.56
Miscellaneous Receipts	2.16	12.11
Foreign Exchange Rate Difference	93.45	53.83
<b>Total</b>	<b>274.81</b>	<b>499.12</b>

**21 Cost of Materials consumed**

	(₹ in lakhs)	
	2014-15	2013-14
Opening Stock	910.48	1,034.44
Add: Purchases	11,199.88	17,306.62
	12,110.36	18,341.06
Less : Sales	-	117.20
Closing Stock	264.03	910.48
<b>Consumption</b>	<b>11,846.33</b>	<b>17,313.38</b>

**Imported and Indigeneous Raw materials consumed**

	2014-15	2013-14
Imported	-	16.24
Indigenous	11,846.33	17,297.14
<b>Total</b>	<b>11,846.33</b>	<b>17,313.38</b>

**Detail of Raw Material consumed**

	2013-14	2012-13
Cotton	3,045.17	4,902.61
Cotton Yarn	4,277.42	6,837.12
Man Made Fibre	-	-
Polyester Yarn	572.79	917.69
Cloth Purchases	3,694.67	4,404.38
Garment material	256.28	251.57
<b>Total</b>	<b>11,846.33</b>	<b>17,313.38</b>

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

	(₹ in lakhs)	
	2014-15	2013-14
<b>Opening Stock:</b>		
Finished Goods	1,988.01	1,980.46
Work-in-progress	3,391.69	3,348.64
	5,379.70	5,329.10
<b>Closing Stock:</b>		
Finished Goods	1,502.15	1,988.01
Work-in-progress	931.42	3,391.69
	2,433.57	5,379.70
<b>Total</b>	<b>2,946.13</b>	<b>(50.60)</b>

**23 Employee Benefits Expenses**

	(₹ in lakhs)	
	2014-15	2013-14
Salaries and Wages	1,848.87	1,972.54
Contribution to Provident and Other Funds	125.90	130.90
Staff Welfare Expenses	83.94	172.44
<b>Total</b>	<b>2,058.71</b>	<b>2,275.88</b>



## ANNUAL REPORT 2014-2015

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

### Ahmedabad Unit

#### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under: (₹ in lakhs)

	2014-15	2013-14
Contribution to Employees' Provident Fund	64.36	78.47
Contribution to Pension Fund	45.16	36.07
Contribution to Labour Welfare Fund	7.63	3.95
EDLI Charges	0.06	0.05
Administration Charges of Provident Fund	8.69	9.33
<b>Total</b>	<b>125.90</b>	<b>127.86</b>

#### Defined Benefit Plans:

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

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

<b>Gratuity</b>	<b>2014-15</b>	<b>2013-14</b>
Present value of Defined Benefit Obligation as at 31st March, 2014	440.77	439.14
Interest Cost	37.11	33.78
Current Service Cost	26.12	23.97
Benefit paid	(56.25)	(44.36)
Net Actuarial Gain / (Loss)	44.45	(11.76)
Present value of Defined Value Obligation as on 31st March, 2015	492.20	440.77

#### Reconciliation of fair value of Plan Assets

Fair value of Plan Assets as at 31st March, 2014	NIL	NIL
Expected return on Plan Asset	NIL	NIL
Net Actuarial (Gain) / Loss	NIL	NIL
Employer Contribution	NIL	NIL
Benefit paid	NIL	NIL
Fair value of Plan Assets as at 31st March, 2015	NIL	NIL

#### Actuarial Assumptions

Discount rate as on 31st March, 2015	7.80%	9.00%
Annual Increase in salary cost.	5.00%	5.00%

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

(₹ in lakhs)

<b>Leave encashment</b>	<b>2014-15</b>	<b>2013-14</b>
Defined Benefit Obligation as on 31st March, 2015	41.95	34.74
The above information is certified by an Actuary.		

**24 Finance cost**

(₹ in lakhs)

	2014-15	2013-14
Interest expense	2,141.36	2,197.13
Other borrowing costs	110.47	164.51
<b>Total</b>	<b>2,251.83</b>	<b>2,361.64</b>

**25 Other expenses**

(₹ in lakhs)

	2014-15	2013-14
Consumption of stores and spares	2,896.01	3,306.24
Power and Fuel	2,530.06	2,644.72
Rent	3.07	3.09
Repairs to Building	12.21	20.07
Repairs to Machinery	222.69	288.00
Repairs to Others	6.93	5.07
Job Work Charge	214.47	248.93
Insurance	41.91	45.95
Rates and Taxes	33.97	35.21
Payments to Auditors	10.34	13.28
Miscellaneous expenses	690.85	909.59
<b>Total</b>	<b>6,662.51</b>	<b>7,520.15</b>

**25.1 Imported and Indigenous Stores and Spares Parts Consumed:**

(₹ in lakhs)

	2014-15	2013-14
Imported	493.45	490.48
Indigenous	2,402.56	2,815.76
<b>Total</b>	<b>2,896.01</b>	<b>3,306.24</b>

**25.2 Payments to the auditors**

(₹ in lakhs)

	2014-15	2013-14
- As Auditor	5.17	5.87
- For Taxation Matters	2.98	5.11
- For Other services	1.40	1.60
- For Reimbursement of expenses	0.79	0.70
<b>Total</b>	<b>10.34</b>	<b>13.28</b>

**26 Prior period income represent :**

(₹ in lakhs)

	2014-15	2013-14
Debit Relating to Earlier Years	-	(14.08)
<b>Total</b>	<b>-</b>	<b>(14.08)</b>

# ANNUAL REPORT 2014-2015

## 27 Exceptional items represent:

	(₹ in lakhs)	
	2014-15	2013-14
Foreign Exchange fluctuation on loan - Soma Textile FZC	408.22	885.93
Retrenchment Compensation	(19.10)	(19.96)
<b>Total</b>	<b>389.13</b>	<b>865.97</b>

## 28 Earning per Share (EPS):

	(₹ in lakhs)	
	2014-15	2013-14
Basic :	(10.17)	(4.04)
Numerator : Net profit/(Loss) after taxation as disclosed in Profit & Loss Account (After Extra Ordinary Items) (₹ in lakhs)	(3,358.06)	(1,333.79)
Denominator :Weighted Average No. of Equity Shares outstanding during the year	33,033,000	33,033,000
Diluted :	(10.17)	(4.04)
Numerator : Net Profit/(Loss) for Diluted EPS (₹ in lakhs) (After Extra Ordinary Items)	(3,358.06)	(1,333.79)
Denominator :Weighted Average No. of Equity	33,033,000	33,033,000
The nominal value per Equity Shares is ₹10/-		

- 29 The Company had been sanctioned a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009 for restructuring the Company's existing financial assistance outstanding as on 30th September, 2008, availed from the Institutional Lenders and Working Capital from Banks, and sanctioning additional financial assistance extended/to be extended to the Company in the manner and to the extent set out in the LOA. The salient features of the scheme were injection of fresh working capital and concession in the bank charges, reduction in margins, fresh term loan for completion of pending capital projects, funding of interest, reduction in interest rate, moratorium and deferment of principal amount repayments. The company was under the CDR package, however, as the company had continuing default greater than 6 months, the company's accounts were classified as NPA by its bankers. On account of this, the company's CDR package stood as withdrawn as per letter dated 20.03.2015 from CDR. Their current status has been kept on as is basis until further agreements and conditions are laid down by the bankers. Two of the lending banks, being IDBI Bank Ltd. and EXIM Bank, have raised demand of payment of loan & interest amounts, hence these amounts has been classified accordingly, however in absence of any communication or demand notice from other lending banks, the company has stated the amount and terms of repayment as it is basis of CDR Package.

## 30 Related party transaction

1.1 Holding Company	Not Applicable
1.2 Associate Company	SOMA TEXTILE F.Z.C., Sharjah, UAE
1.3 Fellow Subsidiary	Not Applicable
1.4 Other related parties where control exists.	Somany Evergreen Knits Ltd. Kechak Credit & Finvest Ltd.
1.5 Key management personnel and their relatives	Shri S. K. Somany, Chairman (Shri A. K. Somany, Managing Director is son of Shri S. K. Somany) Shri A. K. Somany, Managing Director (Shri S. K. Somany, Chairman is father of Shri A. K. Somany) Ms Anuja Somany, VP ( Garment Division) (Shri Arvind Somany is father of Ms Anuja Somany) Shri Shrikant Bhat, Executive Director Shri Shrikant Bhat, Director, Soma Textile FZC.



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

Particulars	(₹ In lakhs)					
	Associate		Key Management personnel and their relatives		Other parties which significantly influence / are influenced by the Company (either individually or otherwise)	
	2015	2014	2015	2014	2015	2014
Rent Paid	-	-	-	-	1.74	1.89
Water & Electricity Charges	-	-	-	-	1.68	0.98
Sales	-	-	-	-	-	-
Testing Charges	-	-	-	-	-	-
Packing Materials	-	-	-	-	-	-
Repair & Maintenance	-	-	-	-	-	0.11
Rates & Taxes	-	-	-	-	-	2.24
Loan Given	-	-	-	-	-	-
Investment made	-	-	-	-	-	-
Remuneration	-	-	70.21	59.79	-	-
Sitting Fee	-	-	0.10	0.10	-	-
Balance outstanding at date of Balance sheet	-	-	-	-	-	-
- payable	-	-	-	-	-	-
- receivable	9,852.39	9,444.17	-	-	-	-

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

(₹ in lakhs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(i) Contingent Liabilities</b>		
<b>a) Bank Guarantee</b>		
Unredeemed Bank Guarantees (margin in form of FDR ₹38.51 lakhs (Previous year ₹ 22.91 lakhs) provided against Bank Guarantees)	207.15	229.11
Total (a)	207.15	229.11
<b>b) Litigation</b>		
Sales Tax Payment disputed by the Company	6.17	6.17
Excise Duty demand disputed by the Company	33.73	33.73
Claims against the Company not Acknowledged as debts	42.83	39.78
Notice of Income Tax demand for A.Y. 2007-08	-	45.33
Total (b)	82.72	125.01
	289.87	354.12
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	43.05	-

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

**33.1 VALUE OF IMPORTS (C.I.F.) ACCOUNTED FOR DURING THE YEAR**

(₹ in lakhs)

	2014-15	2013-14
Raw Materials	-	16.24
Capital Goods	-	25.35
Stores (including dyes and spares)	350.24	409.70

# ANNUAL REPORT 2014-2015

## 33.2 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lakhs)

	2014-15	2013-14
Traveling Expenses	6.66	20.70

## 33.3 EARNING IN FOREIGN CURRENCY DURING THE YEAR

(₹ in lakhs)

	2014-15	2013-14
F.O.B.Value of Exports	4,841.75	5,083.14

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

**35** As reported in the previous years that the Company had signed the Business Transfer Agreement (BTA) on 1st April, 2013, with Messrs GTN Engineering (India) Ltd., a Public Limited Company situated in Hyderabad in the State of Andhra Pradesh, for sale of its cotton spinning Unit at Baramati in Pune in the state of Maharashtra, at a lump-sum consideration of ₹29.80 Crore.

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

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

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

**GYAN PIPARA**  
PARTNER  
Membership No. : 034289  
Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2015

### For and on behalf of the Board

<b>S. K. SOMANY</b>	Chairman
<b>A. K. SOMANY</b>	Managing Director
<b>M. B. PARAKH</b>	Chief Financial Officer
<b>R. S. SHARMA</b>	Company Secretary



**SOMA TEXTILES & INDUSTRIES LIMITED**

CIN: L51909WB1940PLC010070

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

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

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

**Form-MGT-11**

**PROXY FORM**

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

**77<sup>th</sup> Annual General Meeting – 17<sup>th</sup> September, 2015**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 77<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, 17<sup>th</sup> September, 2015 at 2:30 P.M. IST, at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B Hemanta Basu Sarani, Kolkata – 700 001 and at any adjournment thereof in respect of such resolutions as are indicated below:



— TEAR HERE —



**SOMA TEXTILES & INDUSTRIES LIMITED**

CIN: L51909WB1940PLC010070

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

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

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

**ATTENDANCE SLIP**

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

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

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

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

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

Dear Shareholders,

Subject: Instruction for e-voting

I/We hereby record my/our presence at the 77<sup>th</sup> Annual General Meeting of the Company at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Thursday, 17<sup>th</sup> September, 2015 at 2-30 P.M. IST.

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

Member's/Proxy's name in Block Letters

Member's/Proxy's signature

# ANNUAL REPORT 2014-2015

Resolution Number	Resolution	Vote (Optional see Note) (Please mention number of shares)		
		For	Against	Abstain
	<b>Ordinary Business</b>			
1	Adoption of Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2015, including the Audited Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon			
2	To appoint a Director in place of Shri S. K. Somany (DIN: 00001131), who retires by rotation and being eligible, offers himself for re-appointment			
3	To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration			
	<b>Special Business</b>			
4	Appointment of Shri M. H. Shah, as an Independent Director			
5	Appointment of Smt. N. Loyalka, as an Independent Director			
6	Re-appointment of Shri Shrikant Bhat as Whole-time Director, designated as Executive Director, being a Key Managerial Personnel			
7	Remuneration to the Cost Auditors for the Financial Year ending March 31, 2016			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

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

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

Affix  
Re 1  
Revenue  
Stamp

## Note:

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. A proxy need not be a member of the Company.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the For or Against or Abstain column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
4. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
6. For the Resolutions, Explanatory Statements and Notes, please refer Notice of the 77<sup>th</sup> Annual General Meeting.
7. Please complete all details of Member(s) in above box, before submission.

----- ✂ ----- TEAR HERE ----- ✂ -----

## Note:

1. Please complete this Attendance slip and hand it over at the Attendance Verification Counter at the meeting hall. Members are requested to bring their copy of the Annual Report for reference at the meeting.
2. Electronic copy of the Annual Report for 2014-15 and Notice of the 77<sup>th</sup> Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any Member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical Copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(S) to all members whose email is not registered or have requested for a hard copy.





