



**SOMA TEXTILES &
INDUSTRIES LIMITED**

CONSISTENT
QUALITY THAT
INSPIRES
FAITH
GLOBALLY



**79th
ANNUAL REPORT
2016-2017**

**79th Annual Report
2016-2017****BOARD OF DIRECTORS**

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

COMPANY SECRETARY

Shri A. K. Mishra

AUDITORS

Pipara & Co LLP
 Chartered Accountants
 "Pipara Corporate House",
 Near Gruh Finance,
 Netaji Marg, Law Garden,
 Ahmedabad-380 006.

BANKERS

AXIS Bank Limited
 ICICI Bank Limited

REGISTERED OFFICE

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

WORKS

Rakhial Road, Ahmedabad - 380 023.

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
 C-101, 247 Park, L.B.S. Marg,
 Vikhroli (West), Mumbai-400 083.
 Ph. No. : 022-49186270
 E-mail : rnthelpdesk@linkintime.co.in

BRANCH OFFICE AT :

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

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NOTICE OF THE 79th ANNUAL GENERAL MEETING

TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy-ninth (79th) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001, on Friday, the 25th day of August, 2017 at 12-00 Noon to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 (both Standalone and Consolidated basis), together with the Reports of the Auditors and the Board of Directors thereon.
2. To appoint a Director in place of Shri S. K. Somany (DIN: 00001131), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors in place of the existing Auditors (who are not eligible to be re-appointed due to expiry of the maximum permissible tenure as the Auditors of the Company), to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the recommendations of the Audit Committee of the Board of Directors of the Company and in terms of the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), amendment(s), substitution(s) or re-enactment(s) thereof for the time being in force), M/s. A. K. Ostwal & Co., Chartered Accountants (ICAI Firm Registration No.107200W) be and are hereby appointed as the Statutory Auditors of the Company, in place of the retiring Auditors M/s. Pipara & Co LLP, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 107929W), to hold office for a term of five (5) consecutive years from the conclusion of this Seventy-ninth (79th) Annual General Meeting until the conclusion of the Eighty-fourth (84th) Annual General Meeting of the Company to be held sometime in the year 2022, subject to ratification of their appointment by the Members of the Company at every subsequent Annual General Meeting of the Company, to be held during the aforesaid term of their appointment, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus applicable taxes and reimbursement of actual out of pocket expenses incurred by them in course of their audit of accounts of the Company.

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

SPECIAL BUSINESS:

4. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2018 and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. N. D. Birla & Company, the Cost Auditors, appointed as Cost Auditors of the Company by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, be paid the remuneration by way of Cost Audit Fee of Rs. 48,000/- (Rupees Forty-Eight Thousands Only) plus service tax, as applicable and reimbursement of out of pocket expenses, if any, incurred in the course of their audit and the said reimbursement is hereby confirmed and ratified.

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

By order of the Board

Registered Office:

2, Red Cross Place,
Kolkata – 700 001

Dated, the 12th July, 2017

A. K. Mishra

(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) Members) 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 a Member.

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. 19.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business under Item Nos. 4 & 5, to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of this Notice.
4. Corporate Members/Trust/Society intending to send their authorized representatives to attend and vote at the Annual General Meeting are requested to send to the Company a duly certified copy of the Board 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 Wednesday, the 16th August, 2017 to Friday, the 25th August, 2017 (both days inclusive) for the purpose of 79th 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 Link Intime 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 Link Intime India Private Limited, the Registrar & Share Transfer Agents, for consolidation into a single folio.
9. Members, Proxies and Authorised Representatives are requested to bring to the Meeting, their attendance slips duly completed and signed mentioning details of their DP ID and Client ID/ Folio No.
10. The Ministry of Corporate Affairs has vide Notification No. S.O. 2866(E) dated September 5, 2016 notified the provisions of Sections 124 and 125 (except for the sub-sections already notified earlier vide notification dated January 13, 2016) of the Companies Act, 2013. Further MCA vide Notification dated September 5, 2016, brought the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘IEPF Rules’), w.e.f. September 7, 2016. Pursuant to the provisions of Section 124 of the Companies Act, 2013 (Corresponding to Section 205A, 205B of the Erstwhile Companies Act, 1956) and IEPF Rules, the dividend which remains unclaimed/unpaid for a period of Seven (7) Years from the date of transfer to the unpaid dividend account of the Company, is required to be transferred to the IEPF of the Central Government.

Pursuant to the provisions of Section 124 read with Section 125 of the Companies Act, 2013 (corresponding to Section 205A(5) read with Section 205C of the Erstwhile Companies Act, 1956), the Company has transferred all the unpaid and/or unclaimed dividends up to the financial year ended 31st March, 1998, from time to time on due dates, to the Investor Education and Protection Fund (“IEPF”) established by the Central Government. The Company has however not declared any dividend thereafter since the financial year ended 31st March, 1999 and up to the year ended 31st March, 2017. However, members may please note that no claim shall lie against the Company in respect of any individual amounts which were unclaimed and unpaid for a period of Seven (7) years from the date(s), they first became due for payment, once transferred to the said fund.

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

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

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

The MCA on April 27, 2017, via General Circular No. 03/2017, came up with clarification on "Transfer of Shares to IEPF Authority", wherein amongst other matters, NSDL will prescribe the file formats and operational procedures for transfer of shares to special demat account of the IEPF Authority by April 30, 2017 and May 31, 2017 respectively and the due date for transfer of such shares by the Companies is May 31, 2017.

However, MCA via General Circular No. 05/2017 dated May 16, 2017 notified that the aforementioned Circular No. 03/2017 stands withdrawn with immediate effect and further stated that fresh instructions on the matter to be issued in due course of time.

11. In accordance with the provisions of Section 72 of the Companies Act, 2013, Members are entitled to make nominations by filing Form No. SH.13 in respect of the Equity Shares held by them, in physical form, duly completed and signed to the Company or its Registrar & Share Transfer Agents (RTA) in their own interest. Members holding shares in demat may get their nomination recorded with their respective Depository Participant (DP).
12. Electronic copy of the Annual Report for 2016-17 comprising the Notice of the 79th 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 2016-17 comprising the Notice of the 79th 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.
13. 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.
14. Members may also note that the Notice of the 79th Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website www.somatextiles.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection during normal business hours on working days.
15. 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.
16. 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.
17. 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).
18. All documents referred to in the notice and the statement 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 to 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.



19. 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 Regulation 44 of the SEBI (LODR) Regulations, 2015, 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 Tuesday, the 22nd August, 2017 (9:00 A.M. IST) and ends on Thursday, the 24th August, 2017 (5:00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-off Date (record date) of 18th August, 2017, 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) 170721017 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 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:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - 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). - 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.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. 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).

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- (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 Electronic Voting Sequence Number (EVSN) 170721017 for **"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 his password, then enter the User ID and the Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- (xxi) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for Android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting through your mobile.**
- (xxii) Note for Non-Individual Shareholders and Custodians:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as **Corporates**.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxiii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQ") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxiv) 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. 18th August, 2017, 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 ahmedabad@linkintime.co.in to vote through remote e-voting procedure.



(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. 18th August, 2017. 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 droliapraavin@yahoo.co.in with a copy marked to helpdesk.evoting@cdslindia.com without which the vote shall not be treated as valid.

III. **Voting facility at AGM:**

In addition to the remote e-voting facility as described above, the Company shall make a voting facility available at the venue of the AGM, by way of ballot paper. Members may participate in the AGM even after exercising right to vote through remote e-voting as above but shall not be allowed to vote again at the meeting. Only such members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right to vote at the meeting.

- IV. Mr. P. K. Darolia, Practising Company Secretary (Membership No. 2366, CP No.1362), Kolkata, has been appointed as the Scrutinizer for conducting the remote e-voting process and voting at the venue of the AGM in a fair and transparent manner.

- V. 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.

- VI. 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 (2) witnesses not in the employment of the Company and make, not later than three (3) days from the 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.

- VII. 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 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 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.

20. 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.

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IMPORTANT COMMUNICATION TO MEMBERS

The green initiative circulars issued by Ministry of Corporate Affairs (MCA) as well as Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits sending of soft copies of annual reports to all those Members who have registered their e-mail addresses for the purpose.

The Companies Act, 2013 has also recognized serving of documents to any Member through electronic mode. In terms of the Circular No. NSDL/CIR/II/10/2012 dated March 9, 2012 issued by National Securities Depository Limited (NSDL), email addresses made available by the Depository for your respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices/documents including those covered under Sections 101 and 136 of the Companies Act, 2013 read with Section 20 of the Companies Act, 2013 and the underlying rules relating to transmission of documents in electronic mode. In light of the requirements prescribed by the aforesaid circulars, for those Members whose Depository Participant accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended 31st March, 2017 would be dispatched.

The Notice of Annual General Meeting and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website www.somatextiles.com of the Company and the other requirements as applicable will be duly complied with. Members holding shares in electronic mode are requested to ensure to keep their e-mail addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to register their e-mail address with our Registrar & Share Transfer Agent – M/s. Link Intime India Private Limited, at C-101, 247 Park, L.B.S. Marg, Vikhroli(West), Mumbai - 400083, quoting their folio nos. at E-mail ID: rnthelpdesk@linkintime.co.in. Such registration of e-mail address may also be made with the Company at its Registered Office as per the address mentioned above or at the E-mail ID: investors@somatextiles.com. Any changes in the E-mail address may also be communicated from time to time.

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment at the 79th Annual General Meeting of the Company, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-

Shri S. K. Somany (DIN: 00001131), aged about 86 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 Regulation 19 of the SEBI (LODR) Regulations, 2015 and also a member of Audit Committee of the Company, constituted in line with requirements of 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. 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 Regulation 20 of the SEBI (LODR) Regulations, 2015. Shri S. K. Somany holds 29,65,695 constituting 8.98% 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	Chairman
	Nomination and Remuneration Committee	Member
Simplex Reality Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Stakeholders Relationship Committee	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.

Registered Office:

2, Red Cross Place,
Kolkata – 700 001
Dated, the 12th July, 2017

By order of the Board

A. K. Mishra
(Company Secretary & Compliance Officer)



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

Item No. 4

The Board on the recommendation of Audit Committee has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018.

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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Registered Office:

2, Red Cross Place,
Kolkata – 700 001

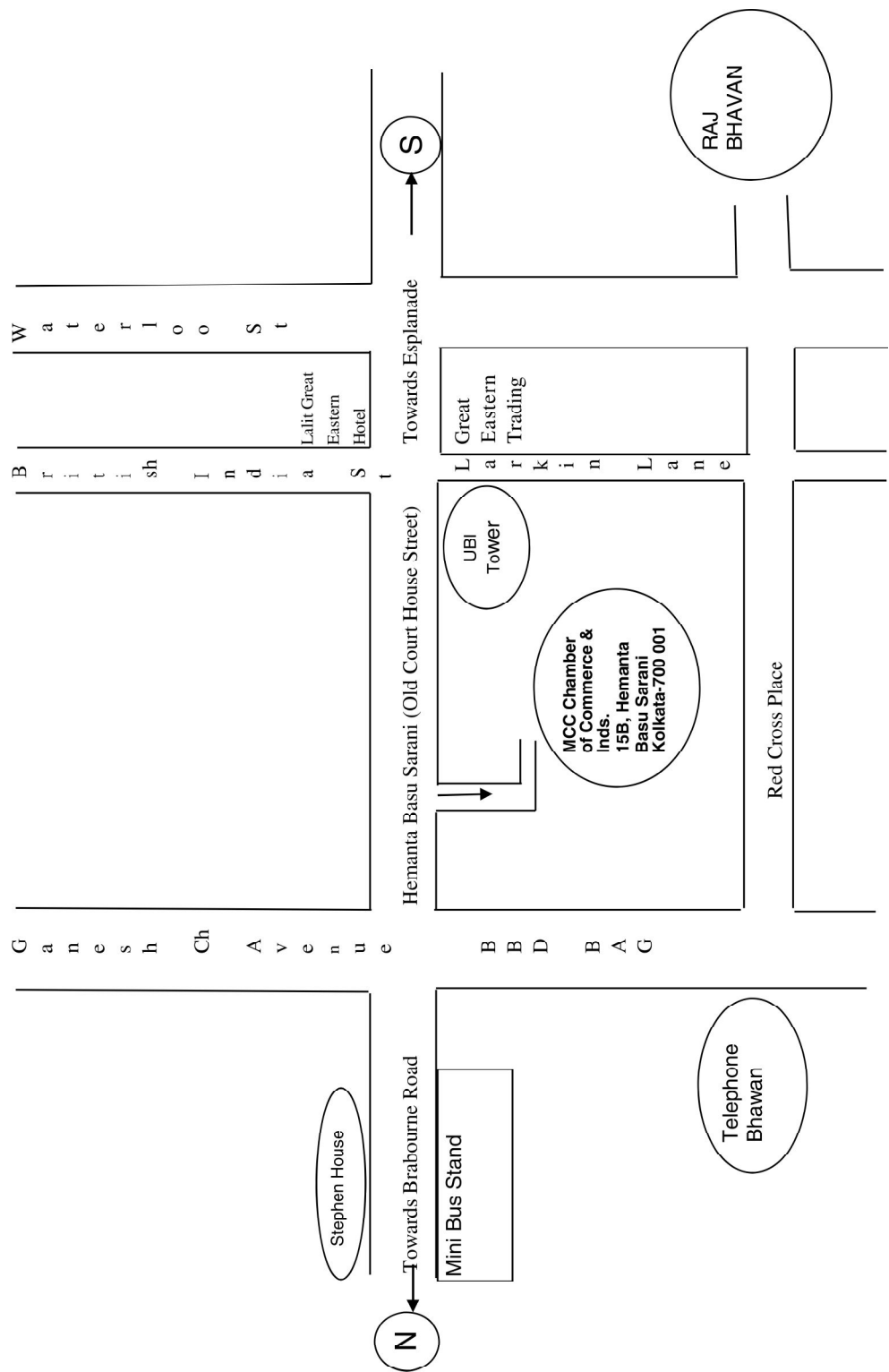
Dated, the 12th July, 2017

By order of the Board

A. K. Mishra

(Company Secretary & Compliance Officer)

ROUTE MAP OF THE VENUE OF THE ANNUAL GENERAL MEETING





DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Seventy-ninth (79th) Annual Report of the Company, together with the audited financial statements for the financial year ended 31st March, 2017.

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 2016-17 was Rs. 12,733 lacs as compared to Rs 17,024 lacs in previous year, a decline by 25.21%.

The loss before Prior period, Exceptional item and Tax was Rs. 1,412 lacs against the previous year loss of Rs 2,379 lacs.

The net loss for the year was Rs. 1,114 lacs against the previous year net loss of Rs. 1,423 lacs.

2. DIVIDEND

The Board of Directors of your Company have not recommended any dividend for the Financial Year ended 31st March, 2017, considering the loss during the year and brought forward losses.

3. COTTON

India's cotton production in the current season 2016-2017 is likely to be 351 lac bales. Decline in domestic yarn production, Last year, Pakistan had bought almost 40% of India's cotton due to a crop failure in its domestic market. This year Pakistan's requirement will be less. With no significant increase in cotton exports to China estimated, overall shipment of cotton may decline.

4. EXPORT

Your Company's export performance in the year under review has decreased from the last year mainly on account of reduction in the denim fabric export due to cut throat competition & appreciation of Rupees. The FOB value of the exports during the Year under review was Rs. 991 lacs against Rs 1,956 lacs in the previous year.

5. ANALYSIS AND REVIEW

Indian Textiles industry is one of the oldest industry and leading sectors of the Indian economy, contributes significantly to the country's industrial output as well as on employment generation and brings valuable foreign exchange by exporting Textile fabrics, yarns and Garments.

6. OPPORTUNITIES AND CHALLENGES

The global textile industry will continue to grow along with growing consumption of textile products in developing countries and a gradual economic recovery of major developed economies. India's textile sector is aided by several key advantages, in terms of availability of adequate raw material, entrepreneurial skills, large domestic market, presence of supporting industries and supporting policy initiatives from the government. The Government has introduced the Amended Technology Upgradation Fund Scheme (ATUFS) to give a further boost for technology investment in the textile industry.

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 huge oversupply situation.

7. EXPANSION AND MODERNISATION

In view of financial constraint company did not go for modernization.

8. CONSOLIDATED FINANCIAL STATEMENT

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

9. CASH FLOW STATEMENT

In compliance with the requirement of Section 34 of the SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended 31st March, 2017 prepared in accordance with the applicable Accounting Standard, is annexed to the financial statement, which forms part of the Annual Report.

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10. INSURANCE

Adequate insurance cover has been taken by the Company for its properties including its Buildings, Plant & Machinery and Stocks among others against fire, flood, earthquake, explosive and other such risks as considered prudent and necessary.

11. INTERNAL FINANCIAL CONTROL

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

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

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

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

12. FIXED DEPOSITS

The Company has not accepted any deposits from public falling within the meaning of Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposit) Rules, 2014 and as such, there are no outstanding deposits as on the Balance Sheet closure date.

13. SHARE CAPITAL

During the year there was no change in the Company's Issued, Subscribed and Paid-up Equity and Preference Share Capital. On 31st March, 2017, the Equity Share Capital stood at Rs. 3303.30 Lacs, divided in to 33033000 Equity Shares of Rs. 10 each and Preference Share Capital stood at Rs. 975 Lacs, divided in to 975000, 0.01% Cumulative Redeemable Non-convertible Preference Shares of Rs. 100 each.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Rotation

Shri S. K. Somany (DIN: 00001131), will retire 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.

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

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.

Change in Key Managerial Personnel

Shri R. S. Sharma ceased as Company Secretary effective from 1st October, 2016 and Shri Abhishek Kumar Mishra has been simultaneously appointed as Company Secretary with effect from 1st October, 2016.

Shri Maghraj Parakh continues to be Chief Financial Officer (CFO) of the Company.

15. DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company under section 149(7) of the Companies Act, 2013, confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015.

16. CORPORATE SOCIAL RESPONSIBILITY

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



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

The Company has not, given loans, made investments or given guarantees under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

18. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTY

During the financial year ended 31st March, 2017, all the contracts or arrangements or transactions entered into by the Company were in the ordinary Course of business and on arm's length and were in compliance with applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable. Further the Company did not entered into any contract or arrangement or transactions with related parties that could be considered material as per the Policy of the Company on Materiality of Related Party Transactions. In view of the above disclosure of Related Party Transactions in Form AOC-2 is not applicable, as required under Section 134(3)(h) and relevant rules made thereunder.

The Policy on Materiality of Related Party Transactions and dealing with the related party transactions as approved by the Board is available on the Company's website at the web link: www.somatextiles.com/home.php/investors/policies.

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

19. 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 2017-18.
- (ii) The Calcutta Stock Exchange Association Ltd. has vide its Letter No. CSEA/ID/223/2008 dated 16th April, 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

Stock Code

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

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

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

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

21. BOARD'S EVALUATION OF THE PERFORMANCE

In compliance with the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors. The manner in which the evaluation has been carried out has been given in the Corporate Governance Report.

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

During the year Four (4) Board Meetings were held, the details of which are given in the Report on Corporate Governance, that forms part of the Board's Report.

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

23. AUDIT COMMITTEE

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

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Four (4) Meetings of the Audit Committee were held during the year under review, the details of which are given in the Report on Corporate Governance, forming part of this Report. The Board of Directors accepted all recommendations of the Audit Committee in the reporting period.

24. ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER MECHANISM

The Company has in place a Vigil Mechanism/ Whistle Blower Policy for Directors, Employees and other Stockholders of the Company to report genuine concerns about any wrongful act with respect to the Company or its business or affairs. The policy covers malpractices, misuse or abuse of authority, fraud, violations of the Company's policy or Rules, manipulations, negligence and such other matters and activity on account of which interest of the Company is affected or is likely to be affected and formerly reported by Whistle Blowers.

The Mechanism provides for adequate safeguards against victimization of Directors, employees and others who use such mechanism and makes provisions for direct excess to the Chairman of the Audit Committee. The details of the Whistle Blower Policy/ Vigil Mechanism have been provided in the Corporate Governance Report forming part of this Report and are also available on the Company's website; www.somatextiles.com/home.php/investors/policies.

25. 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>.

26. CORPORATE GOVERNANCE

Your Company has complied with requirements under the Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A detailed reports on 'Corporate Governance' pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, along with an Auditors' Certificate on Compliance with the conditions of Corporate Governance, is annexed and forms part of the Annual Report.

27. CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES 2009

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

28. LISTING AGREEMENT

Your Company entered in to new Listing Agreements with BSE Limited and National Stock Exchange of India Ltd., in compliance with Regulation 109 of the SEBI (LODR) Regulations, 2015.

29. MANAGEMENT DISCUSSION AND ANALYSIS

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

30. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, the Board of Directors of your Company to the best of their knowledge and belief and 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 31st March, 2017 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 31st March, 2017 and of the loss of the Company for the year ended on that date;



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

31. AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Pipara & Co LLP, Chartered Accountants, (ICAI Firm Registration No.107929W), the Statutory Auditors of your Company shall hold office till the conclusion of the ensuing Annual General Meeting and they shall not be eligible for re-appointment due to expiry of the maximum permissible tenure as the Statutory Auditors of the Company. Your Board places on record its deep appreciation for the valuable contributions of the Auditors during their long association since the inception of your Company and wishes them success in the future.

Based on the recommendation of the Audit Committee and in terms of the requirement of the Companies Act, 2013, your Board at its meeting held on 12th July, 2017, appointed a New Firm of Chartered Accountants, M/s. A. K. Ostwal & Co., Chartered Accountants (ICAI Firm Registration No.107200W), as the Statutory Auditors of the Company, in place of the retiring statutory auditors M/s. Pipara & Co LLP, Chartered Accountants, to hold office for a period of consecutive five (5) years from the conclusion of the ensuing 79th Annual General Meeting (AGM) until the conclusion of 84th Annual General Meeting (AGM) of the Company, on such remuneration, as may be fixed by the Board of Directors of the Company, subject to approval of the Members of the Company at the ensuing 79th AGM and ratification by the Members of the Company every year thereafter.

Your Company has received a certificate from M/s. A. K. Ostwal & Co., Chartered Accountants, confirming their eligibility to be appointed as Statutory Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the provisions of Regulation 33 of the Listing Regulations. The proposal for their appointment has been included in the Notice convening the 79th AGM for obtaining approval of the Members of the Company.

32. SECRETARIAL AUDITOR

The Company has appointed M/s. Drolia & Company, Company Secretaries, Kolkata, in practice having certificate of Practice No. 1362, as the Secretarial Auditor, to undertake Secretarial Audit for the year ended 31st March, 2017, pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014.

33. 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.

34. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the financial year ended 31st March, 2017, as given in the prescribed form MR-3 is annexed herewith as Annexure to this Report and forms an integral part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation and adverse remark.

35. AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks of the Auditor in their Auditors' Report that may call for any clarifications/explanations.

The Notes on financial statement, referred to in the Auditors' Report are self-explanatory and do not require any elucidation and comments thereof.

36. INDUSTRIAL RELATIONS

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

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37. 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 March 31, 2018 on a remuneration fixed by the Board and has recommended their remuneration to the Shareholders for their ratification, at the ensuing Annual General Meeting (AGM). Accordingly, a resolution seeking Members' ratification for payment of remuneration to M/s N. D. Birla & Co., Cost Accountants, is included in the Notice of the ensuing AGM.

38. DEPOSITORY SYSTEMS

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

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

As on March 31, 2017, 32,503,346 Equity Shares are held in dematerialized form and represent 98.40% of the Company's total paid up Capital.

40. SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

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

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

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

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

42. PARTICULARS OF EMPLOYEES

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.

43. EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 134(3)(a), read with Section 92 of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return of the Company in form no. MGT-9 is attached to this Report.

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

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

45. RISK MANAGEMENT

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



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

46. OTHER DISCLOSURES

Business Responsibility Report as per Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by them from an environmental, social and governance perspective is not applicable to the Company, for the financial year 2016-17 as per the SEBI Notification dated 22nd December, 2015 and Frequently Asked Questions issued by SEBI on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 29th January, 2016.

47. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

48. ACKNOWLEDGEMENT

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

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

On behalf of the Board

Place : Ahmedabad
Date : 12th July, 2017

(A. K. SOMANY)
Managing Director

(S. B. BHAT)
Director

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ANNEXURE TO THE DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY:

- (i) Steps taken or impact on conservation of energy:
 - a) Installed VFD (Variable Frequency Drive) in Raw Water Supply Pump & thus achieved Savings of Power.
 - b) Installed LED Street Light Fittings & LED Tubelight Fixtures & thus achieved Savings of Power.
- (ii) The steps taken by the company for utilization of alternate sources of energy:
 - Achieved Savings through Power Trading by managing @ 90 % Trading Volume of our consumption though variable load.
- (iii) The Capital Investment on energy conservation equipment: Nil

(B) TECHNOLOGY ABSORPTION:

- (i) The efforts made towards technology absorption:
 - Placed order new folding machine with 2100 mm width to inspect/winding of higher width fabric.
 - Installed 2000 mm rubber belt on Monforts sanforizing machine to process higher width fabric.
 - Placed order for 36 Nos. latest technology Air jet Looms.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
 - We have developed denim with indigo dyed yarn in weft.
- (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:

	(Rs. in lacs)	
	2016-17	2015-16
a) Capital	-	-
b) Recurring	63.53	178.54
c) Total	63.53	178.54
d) Total R&D Expenditure as percentage of Revenue from Operations	0.51	1.05

(C) FOREIGN EXCHANGE EARNING & OUTGO

Used Rs. 433 lacs (Previous Year Rs. 472 lacs), Earned Rs 991 lacs (Previous Year Rs. 1,956 lacs)

On behalf of the Board

Place : Ahmedabad
Date : 12th July, 2017

(A. K. SOMANY)
Managing Director

(S. B. BHAT)
Director

**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 ended 31st March, 2017, is as under:

Name of Directors & Key Managerial Personnel	Designation	Directors' remuneration (In Rs.)	Median Employees remuneration (In Rs.)	Ratio
Mr. S. K. Somany	Non-executive Chairman	10,000	2,70,291	0.04:1
Mr. A. K. Somany	Managing Director	51,91,200	2,70,291	19.21:1
Mr. S. B. Bhat	Whole-time Director	30,22,487	2,70,291	11.18:1
Mr. B. K. Hurkat	Non-executive Independent Director	10,000	2,70,291	0.04:1
Mr. M. H. Shah	Non-executive Independent Director	10,000	2,70,291	0.04:1
Mrs. N. Singh	Non-executive Independent Director	5,000	2,70,291	0.01:1

- b) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in financial year ended 31st March, 2017:

Name of Directors & Key Managerial Personnel	Designation	Total Remuneration 2016-17 (In Rs.)	Total Remuneration 2015-16 (In Rs.)	Percentage Increase
Mr. S. K. Somany	Non-executive Chairman	10,000	10,000	-
Mr. A. K. Somany	Managing Director	51,91,200	38,47,200	34.93%
Mr. S. B. Bhat	Whole-time Director	30,22,487	30,32,311	-
Mr. B. K. Hurkat	Non-executive Independent Director	10,000	7,500	-
Mr. M. H. Shah	Non-executive Independent Director	10,000	10,000	-
Ms. N. Singh	Non-executive Independent Director	5000	10,000	-
Mr. M. B. Parakh	Chief Financial Officer	10,61,529	925725	14.67%
Mr. R. S. Sharma*	Company Secretary	5,68,770	978282	-
Mr. A. K. Mishra**	Company Secretary	1,20,006	-	-

* Resigned w.e.f. 1st October, 2016.

** Appointed w.e.f. 1st October, 2016 upon resignation of Mr. R. S. Sharma.

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 282.
- d) Compared to the previous year 2015-16, the figures for the current year 2016-17 reflects that,
- The Net Loss for the year was Rs. 1,114 lacs against the previous year net loss of Rs. 1,423 lacs.
 - Median remuneration and average remuneration of all employees have increased by 3.40% and 2.20% respectively.
 - Average remuneration of employees excluding Key Managerial Personnel has increased by 1.31%.
 - Remuneration of Key Managerial Personnel has increased by 13.44%
- e) It is hereby affirmed that the remuneration of Directors and KMP's are as per the Remuneration Policy of the Company.

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ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st Day of March, 2017

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

To,
The Members,
Soma Textiles & Industries Limited
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 (CIN: L51909WB1940PLC010070)** (hereinafter called "the Company"). The Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the M/s. **Soma Textiles & Industries Limited** and also the information provided by the Company, its officers, and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 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 (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (d) The SEBI Listing (Listing Obligation and Disclosure Requirements <LODR>) Regulations, 2015.

[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 31-03-2017:-

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- VI. The following Industry Specific laws:
 - (a) Textiles Committee Act 1963.
 - (b) Textiles (Development & Regulation) Order 2001.
 - (c) Textiles (Consumer Protection) Regulations 1988.
 - (d) Factories Act, 1948.
 - (e) Industrial Disputes Act, 1947.
 - (f) The Payment of Wages Act, 1936.
 - (g) The Minimum Wages Act, 1948.
 - (h) Employee State Insurance Act, 1948.
 - (i) The Employees Provident Fund and Miscellaneous Provisions Act, 1952.
 - (j) The contract Labour (regulations and Abolition) Act, 1970.
 - (k) The Maternity Benefit Act, 1961.



- (l) Environment protection Act and rules.

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

- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
(ii) Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board Meeting (SS-1) and General Meeting (SS-2).

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management. All decisions of the Board were unanimous and the same was captured and recorded as part of the Minutes.

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

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

FOR DROLIA & COMPANY
(Company Secretaries)

Pravin Kumar Drolia
(Proprietor)

Place: Kolkata
Date: 20-05-2017

FCS: 2366, C.P. No.: 1362

ANNEXURE - A

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

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

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

FOR DROLIA & COMPANY
(Company Secretaries)

Pravin Kumar Drolia
(Proprietor)

Place: Kolkata
Date: 20-05-2017

FCS: 2366, C.P. No.: 1362

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FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L51909WB1940PLC010070
ii)	Registration Date	29 th March, 1940
iii)	Name of the Company	Soma Textiles & Industries Limited
iv)	Category/ Sub-category of the Company	Public Company limited by shares
v)	Address of the Registered office and contact details	2, Red Cross Place, Kolkata- 700 001 Phone No. :033-22487406/07 E-mail: rssharma@somatextiles.com Website: www.somatextiles.com
vi)	Whether Listed Company (Yes/No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C- 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083. Phone No.: 022-49186270 E-mail: rnthelpdesk@linkintime.co.in

II. PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Cloth	17121	91.19%

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 FZC Umm Al Quwain, U.A.E.	Umm Al Quwain Free Trade Zone, Umm Al Quwain, U.A.E.	Not Applicable	Associate Company	40%	2(6)



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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	5272281	-	5272281	15.96	5247361	-	5247361	15.89	(0.07)
b) Central Govt State Govt (s)	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	11004960	-	11004960	33.32	15806895	-	15806895	47.85	14.53
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	16277241	-	16277241	49.28	21054256	-	21054256	63.74	14.46
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1) + (A) (2)	16277241	-	16277241	49.28	21054256	-	21054256	63.74	14.46
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	2344	2344	0.01	-	2344	2344	0.01	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	10000	-	10000	0.03	10000	-	10000	0.03	-
g) FIIs	4986600	400	4987000	15.10	-	400	400	0.00	(15.10)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Other(specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	4996600	2744	4999344	15.13	10000	2744	12744	0.04	(15.09)
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	2128394	12400	2140794	6.48	1138887	-	1138887	3.45	(3.03)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5524091	516843	6040934	18.29	5297310	526910	5824220	17.63	(0.66)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3435553	-	3435553	10.40	4094334	-	4094334	12.40	2.00
c) Others(specify):									
i) Trusts	-	-	-	-	2000	-	2000	0.01	0.01
ii) Hindu Undivided Family	-	-	-	-	376471	-	376471	1.14	1.14
iii) NRI Rept.	124480	-	124480	0.38	46274	-	46274	0.14	(0.24)
iv) NRI Non Rept.	8857	-	8857	0.03	9630	-	9630	0.03	-
v) Clearing Members	5797	-	5797	0.02	474184	-	474184	1.44	1.42
Sub-total (B) (2)	11227172	529243	11756415	35.59	11439090	526910	11966000	36.22	0.63
Total Public Shareholding (B)=(B)(1) + (B)(2)	16223772	531987	16755759	50.72	11449090	529654	11978744	36.26	(14.46)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	32501013	531987	33033000	100.00	32503346	529654	33033000	100.00	-

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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 share holding 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.	6997716	21.18	-	11799651	35.72	-	14.54
2.	Sarvopari Investments Private Ltd.	4007244	12.13	66.66	4007244	12.13	-	-
3.	Surendra Kumar Somany	2965695	8.98	97.87	2965695	8.98	7.57	-
4.	Surendra Kumar Somany (HUF)	1402579	4.25	7.31	1402579	4.25	-	-
5.	Arvind Kumar Somany	728217	2.20	95.71	728217	2.20	-	-
6.	Arvind Kumar Somany (HUF)	126631	0.38	100.00	126631	0.38	-	-
7.	Anupama Agarwal	24239	0.07	-	24239	0.07	-	-
8.	Nandita Patodia	24920	0.08	-	-	-	-	(0.08)
Total		16277241	49.28	39.93	21054256	63.74	7.57	14.46

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	KGPL Industries and Finvest Private Ltd.				
	At the beginning of the year	6997716	21.18		
	Increase/ Decrease in Shareholding during the year: 10.03.2017 (Purchase)	4801935	14.54		
	At the end of the year			11799651	35.72
	Nandita Patodia				
	At the beginning of the year	24920	0.08		
	Increase/ Decrease in Shareholding during the year:				
	14.03.2017 (Sold)	(20920)	(0.06)		
	15.03.2017 (Sold)	(889)	(0.00)		
	17.03.2017 (Sold)	(1850)	(0.01)		
	20.03.2017 (Sold)	(1261)	(0.01)		
	At the end of the year			0	0.00



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
1	Ajit Singh Jagjit Singh Chawla				
	At the beginning of the year	227985	0.69		
	Increase/ Decrease in Shareholding during the year:				
	19.08.2016 (Purchase)	23553	0.07	251538	0.76
	At the end of the year			251538	0.76
2	Akshat Kejriwal				
	At the beginning of the year	37777	0.11		
	Increase/Decrease in Shareholding during the year:				
	10.03.2017 (Purchase)	192472	0.58	230249	0.69
	17.03.2017 (Purchase)	14942	0.05	245191	0.74
	At the end of the year			245191	0.74
3	Globe Capital Market Ltd.				
	At the beginning of the year	231422	0.70		
	Increase/Decrease in Shareholding during the year:				
	19.08.2016 (Purchase)	1000	0.00	232422	0.70
	30.09.2016 (Sale)	(8000)	(0.02)	224422	0.68
	28.10.2016 (Purchase)	1100	0.00	225522	0.68
	04.11.2016 (Purchase)	500	0.00	226022	0.68
	09.12.2016 (Purchase)	8700	0.03	234722	0.71
	16.12.2016 (Purchase)	100	0.00	234822	0.71
	31.12.2016 (Sale)	(200)	0.00	234622	0.71
	10.02.2017 (Purchase)	500	0.00	235122	0.71
	10.02.2017 (Sale)	(300)	0.00	234822	0.71
	24.02.2017 (Sale)	(200)	0.00	234622	0.71
	03.03.2017 (Purchase)	18500	0.06	253122	0.77
	10.03.2017 (Sale)	(20000)	(0.06)	233122	0.71
	17.03.2017 (Sale)	(30622)	(0.09)	202500	0.61
	24.03.2017 (Sale)	(1300)	0.00	201200	0.61
	31.03.2017 (Purchase)	9000	0.03	210200	0.64
	At the end of the year			210200	0.64
4	Arcadia Share & AMP Stock Brokers Pvt. Ltd.				
	At the beginning of the year	75056	0.23		
	Increase/Decrease in Shareholding during the year:				
	19.08.2016 (Purchase)#	93751	0.28	168807	0.51
	23.09.2016 (Sale)	(800)	0.00	168007	0.51
	30.09.2016 (Sale)	(1000)	0.00	167007	0.51
	07.10.2016 (Purchase)	8006	0.02	175013	0.53
	14.10.2016 (Purchase)	7965	0.02	182978	0.55
	21.10.2016 (Purchase)	6415	0.02	189393	0.57
	28.10.2016 (Purchase)	18575	0.06	207968	0.63
	04.11.2016 (Sale)	(275)	0.00	207693	0.63
	09.12.2016 (Purchase)	970	0.00	208663	0.63
	23.12.2016 (Sale)	(25200)	(0.08)	183463	0.56
	30.12.2016 (Sale)	(3000)	(0.01)	180463	0.55
	06.01.2017 (Sale)	(2000)	(0.01)	178463	0.54
	13.01.2017 (Sale)	(3000)	(0.01)	175463	0.53

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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
	20.01.2017 (Sale)	(5000)	(0.02)	170463	0.51
	27.01.2017 (Purchase)	2000	0.01	172463	0.52
	03.02.2017 (Sale)	(1000)	0.00	171463	0.52
	10.02.2017 (Purchase)	4000	0.01	175463	0.53
	17.02.2017 (Sale)	(1400)	0.00	174063	0.53
	24.02.2017 (Purchase)	4900	0.01	178963	0.54
	03.03.2017 (Sale)	(4000)	(0.01)	174963	0.53
	10.03.2017 (Purchase)	37555	0.11	212518	0.64
	17.03.2017 (Sale)	(13619)	(0.04)	198899	0.60
	24.03.2017 (Sale)	(7601)	(0.02)	191298	0.58
	31.03.2017 (Sale)	(1)	0.00	191297	0.58
	At the end of the year			191297	0.58
5	Ashok Kumar Giriraj Bansal				
	At the beginning of the year	190000	0.58		
	Increase/Decrease in Shareholding during the year:				
	14.10.2016 (Sale)	(15000)	(0.05)	175000	0.53
	10.03.2017 (Sale)	(25000)	(0.08)	150000	0.45
	24.03.2017 (Purchase)	17509	0.05	167509	0.50
	31.03.2017 (Purchase)	7491	0.02	175000	0.53
	At the end of the year			175000	0.53
6	Kalpesh Bhupendra Vora				
	At the beginning of the year	84250			
	Increase/Decrease in Shareholding during the year:				
	19.08.2016 (Purchase)#	74675	0.23	158925	0.48
	At the end of the year			158925	0.48
7	Suresh Chand Lalwani				
	At the beginning of the year	40000	0.12		
	Increase/Decrease in Shareholding during the year:				
	03.03.2017 (Purchase)#	100500	0.30	140500	0.43
	At the end of the year			140500	0.43
8	Deepak Mittal				
	At the beginning of the year	40623	0.12		
	Increase/Decrease in Shareholding during the year:				
	13.01.2017 (Purchase)#	85000	0.26	125623	0.38
	At the end of the year			125623	0.38
9	Harveer A Chawla				
	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			125000	0.38
10a.	Hasmukh Parekh				
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:				
	16.12.2016 (Purchase)#	100000	0.30	100000	0.30
	At the end of the year			100000	0.30
10b.	Sunil Kumar Chordia				
	At the beginning of the year	69000	0.21		
	Increase/Decrease in Shareholding during the year:				
	10.02.2017 (Purchase)#	31000	0.09	100000	0.30
	At the end of the year			100000	0.30



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
11	APMS Investment Fund Ltd.				
	At the beginning of the year	4986600	15.10		
	Increase/Decrease in Shareholding during the year:				
	20.07.2016 (Sale)\$	(4986600)	(15.10)	0	0.00
	At the end of the year			0	0.00
12	Motilal Oswal Financial Services Ltd.				
	At the beginning of the year	394705	1.20		
	Increase/Decrease in Shareholding during the year:				
	27.05.2016 (Sale)	(10624)	(0.03)	384081	1.16
	03.06.2016 (Sale)	(11250)	(0.03)	372831	1.13
	10.06.2016 (Sale)	(14550)	(0.04)	358281	1.09
	17.06.2016 (Sale)	(16850)	(0.05)	341431	1.03
	24.06.2016 (Sale)	(13050)	(0.04)	328381	0.99
	30.06.2016 (Sale)\$	(24553)	(0.07)	303828	0.92
	12.08.2016 (Sale)	(260174)	(0.79)	43654	0.13
	26.08.2016 (Sale)	(500)	(0.00)	43154	0.13
	At the end of the year			43154	0.13
11	Girdhar Fiscal Services Pvt. Ltd.				
	At the beginning of the year	158379	0.48		
	Increase/Decrease in Shareholding during the year:				
	28.10.2016 (Sale)	(11000)	(0.03)	147379	0.45
	11.11.2016 (Sale)\$	(20000)	(0.06)	127379	0.39
	10.03.2017 (Sale)	(47610)	(0.14)	79769	0.24
	17.03.2017 (Sale)	(20000)	(0.06)	59769	0.18
	At the end of the year			59769	0.18
12	Risewell Credit Pvt. Ltd.				
	At the beginning of the year	152072	0.46		
	Increase/Decrease in Shareholding during the year:				
	30.06.2016 (Sale)	(2000)	(0.01)	150072	0.45
	08.07.2016 (Sale)	(10000)	(0.03)	140072	0.42
	19.08.2016 (Sale)\$	(19202)	(0.06)	120870	0.37
	07.10.2016 (Sale)	(22466)	(0.07)	98404	0.30
	21.10.2016 (Sale)	(66782)	(0.20)	31622	0.10
	28.10.2016 (Sale)	(31622)	(0.10)	0	0.00
	At the end of the year			0	0.00
13	Bhikham Chand Pugalia				
	At the beginning of the year	150000	0.45		
	Increase/Decrease in Shareholding during the year:				
	28.10.2016 (Sale)\$	(50000)	(0.15)	100000	0.30
	04.11.2016 (Sale)	(25000)	(0.07)	75000	0.23
	At the end of the year			75000	0.23
14	Rajiv Khanna				
	At the beginning of the year #	105893	0.32		
	Increase/Decrease in Shareholding during the year:				
	27.05.2016 (Sale)\$	(8000)	(0.02)	97893	0.30
	28.10.2016 (Sale)	(97893)	(0.30)	0	0.00
	At the end of the year				

* Details as per weekly Benpo data received from RTA.

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

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

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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
1. Surendra Kumar Somany					
	At the beginning of the year	2965695	8.98		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			2965695	8.98
2. Surendra Kumar Somany (HUF)					
	At the beginning of the year	1402579	4.25		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			1402579	4.25
3. Arvind Kumar Somany					
	At the beginning of the year	728217	2.20		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			728217	2.20
4. Arvind Kumar Somany (HUF)					
	At the beginning of the year	126631	0.38		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			126631	0.38
3. Brij Kishore Hurkat					
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			0	0
4. Shrikant Bhairaveshwar Bhat					
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			0	0.00
5. Malay Harshadbhai Shah					
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			0	0.00
6. Nisha Singh					
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			0	0.00
7. Radhey Shyam Sharma*					
	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			100	0.00
8. Abhishek Kumar Mishra**					
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			0	0.00
8. Maghraj Parakh					
	At the beginning of the year	0	0.00		
	Increase/Decrease in Shareholding during the year:	No changes during the year			
	At the end of the year			0	0.00

* Resigned as Company Secretary w.e.f 1st October, 2016.

** Appointed as Company Secretary upon resignation of Shri R. S. Sharma w.e.f. 1st October, 2016.


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

Particulars	Secured Loans excluding Deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	15666.90	766.14	0	16433.04
ii) Interest due but not paid	3094.44	0	0	3094.44
ii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	18761.34	766.14	0	19527.48
Change in Indebtedness during the financial year				
• Addition	0	0	0	0
• Reduction	2671.98	761.95	0	3433.93
Net Change				
Indebtedness at the end of the financial year				
iii) Principal Amount	12010.88	4.19	0	12015.07
ii) Interest due but not paid	4078.48	0	0	4078.48
iv) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	16089.36	4.19	0	16093.55

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
(in Rs.)

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	4,680,000	2,359,781	7,039,781
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	443,586	443,586
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - Others, specify	-	-	-
5.	Other, please specify	-	-	-
	Total (A)	4,680,000	2,803,367	7,483,367
	Ceiling as per the Act* * Central Government Approval awaited			

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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. Singh	
1.	Independent Directors					
	• Fees for attending board meetings and committee meetings	-	10,000	10,000	5,000	25,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	-	10,000	10,000	5,000	25,000
2.	Other Non-Executive Directors					
	• Fees for attending board meetings and committee meetings	10,000	-	-	-	10,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	10,000	-	-	-	10,000
	Total (B)= (1+2)	10,000	10,000	10,000	5,000	35,000
3.	Total Managerial Remuneration					
4.	Overall Ceiling as per the Act*					

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

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

Sl. No.	Particulars of Remuneration	Shri R. S. Sharma (Company Secretary, designated as Key Managerial Personnel up to 30.09.2016)*	Shri A. K. Mishra (Company Secretary, designated as Key Managerial Personnel w.e.f. 01.10.2016)**	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	4,70,400	108,900	949,365	1,666,155
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	55,854	1200	31,800	89,232
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- As % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Other, please specify	-	-	-	-
	Total	5,26,254	110,100	1,090,065	1,755,387

**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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ANNEXURE TO THE DIRECTORS' REPORT

Form AOC-1

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

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

Part "A" : Subsidiaries – NOT APPLICABLE

Part "B" : Associates and Joint Ventures

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

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

Name of Associate	SOMA TEXTILE FZC
1. Latest audited Balance Sheet Date	31.03.2017
2. Shares of Associate held by the company on the year end	
No.	300 Equity Shares of AED 1000 each
Amount of Investment in Associates	Rs. 3,421,479
Extend of Holding%	40%
3. Description of how there is significant influence	By virtue of Shareholding
4. Reason why the associate is not consolidated	NA
5. Net worth attributable to shareholding as per latest Audited Balance Sheet	Rs. 3,421,479
6. Profit/Loss for the year	
i. Considered in Consolidation	0.83 Lakhs
ii. Not Considered in Consolidation	NA

* There is no Joint Venture with the Company.

Note:

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

Sd/-
A. K. Somany
Managing Director

Sd/-
Shrikant Bhat
Executive Director

Sd/-
M. B. Parakh
Chief Financial Officer (CFO)

Sd/-
A. K. Mishra
Company Secretary



MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE:

The Indian textiles industry has an overwhelming presence in the economic life of the country and is one of the oldest industries of the country. The textile industry has a capacity to produce a versatile spread of products appropriate for varied market segments, both domestic and the export markets. The textile industry plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country.

It contributes to 14% to Industrial production, 4% of In India's GDP and to 15% of the country's export earnings. It is the second largest provider of employment after agriculture and provides direct employment to over 51 million people. Thus, the growth and all round development of this Industry has direct bearing on the improvement of the economy of the country.

Opportunities

The global textile industry will continue to grow along with growing consumption of textile products in developing countries and a gradual economic recovery of major developed economies.

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

Challenges

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

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

2. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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

3. INFORMATION TECHNOLOGY:

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

4. CAUTIONARY STATEMENT

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

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REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2017.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company firmly believes in the principal of good Corporate Governance and is committed in adopting the best global practice of Corporate Governance. The Company's corporate governance brings direction and control to its affairs in a fashion that ensures optimum returns for all stakeholders. Corporate Governance is a broad framework which defines the way the Company functions and interacts with its environment. The Company fully 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 implementation of STIL's Code for Prohibition of Insider Trading exemplifies this spirit of good ethics.

The Company continues to commit itself to maintain the standards of integrity, transparency, accountability and equity in all facets of its operations and all its interactions with its stakeholders including the shareholders, employees and government. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholders value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics. The Company also believes that its operations should ensure that the precious natural resources are utilized in a manner that contributes to the "Triple Bottom Line".

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

2. BOARD OF DIRECTORS

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

As on 31st March, 2017 the Company's Board of Directors comprised of a judicious mix of Six (6) Directors consisting of Three (3) Non-Executive Independent Directors (including one woman director), One (1) Non-Executive Chairman who is a Promoter Director, and Two (2) Executive Directors of whom one is Managing Director and the other one is Whole-time Director, of this Three (3) Directors are Independent constituting half of the Boards total strength of Six (6), which is in conformity with the stipulation laid on the code of Corporate Governance recommended by Securities & Exchange Board of India (SEBI) through SEBI [Listing Obligations & Disclosure Requirements (LODR)] Regulations, 2015 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 120 days which is in conformity with the requirement of Regulation 17(2) of the SEBI (LODR) Regulations, 2015. The Composition of the Board of Directors is as follows:-

Name of Director	Designation	Category of Directorship	No. of 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 M. H. Shah	Director	Non-Executive Independent	Nil	Nil
Mrs. N. Singh	Director	Non-Executive Independent	3	Nil

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



(**) Only the two Committees viz. the Audit Committee and the Stakeholders' Relationship Committee have been considered for this purpose, in terms of Regulation 26 of the SEBI (LODR) Regulations, 2015.

As per the Regulation 26 of the SEBI (LODR) Regulations, 2015, 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.

Review of legal compliance reports:

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

Information provided to the Board:

The agenda is circulated in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to deliberate on relevant points and arrive at an informed decision. All material information was circulated to the Directors before the meeting or placed at the meeting including minimum information required to be made available to the Board under Part A Schedule II of the SEBI (LODR) Regulations, 2015.

Relationship between Directors inter-se:

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

(b) Board Meetings and Annual General Meeting:

During the financial year 2016-17, Four (4) Board Meetings were held on 27th May, 2016, 10th August, 2016, 10th November, 2016, and 14th February, 2017. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 2013 and Regulation 17 of the SEBI (LODR) Regulations, 2015. The last, 78th Annual General Meeting held on 7th September, 2016. 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	4	No
Mrs. N. Singh	2	No

(c) Details of shares and convertible instruments held by Non-Executive Directors as on 31st March, 2017:

As on 31st March, 2017, Shri S. K. Somany, Non-Executive Promoter Directors of the Company held shares of the Company as disclosed hereunder. The Company does not have any convertible instruments and Employees Stock Option under the Scheme as at 31st March, 2017.

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

(d) Code of Conduct

The Board has adopted a Code of Conduct for its Board Members and Senior Management Personnel, including Code of Conduct for Independent Directors and has posted it on the Company's website www.somatextiles.com in terms of Regulation 17 of the SEBI (LODR) Regulations, 2015. The Company has obtained the confirmation of the compliance with the Code from all its Board Members and Senior Management Personnel for the year under review. The Managing Director in terms of Regulation 26(3) affirms the compliance with the Code of Conduct by the Board Members and Senior Management for the year under review. Independent Directors should be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently with respect of the provisions contained in the SEBI (LODR) Regulations, 2015. The Code of Conduct is available on the Company's website www.somatextiles.com. A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

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(e) Information about Directors Seeking Appointment / Re-appointment at the ensuing Annual General Meeting as required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015:-

SShri S. K. Somany (Shri Somany), Director of the Company retires by rotation at the ensuing 79th 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 79th Annual General Meeting of the Company to be held on Friday, the 25th August, 2017.

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, SEBI (LODR) Regulations, 2015 and other relevant regulations.

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

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

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

- Criteria of independence applicable to Independent Directors as per the applicable regulation(s) of the SEBI (LODR) Regulations, 2015 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 SEBI (LODR) Regulations, 2015;
- Internal Financial Controls and
- Fraud Reporting

The details of familiarisation programmes have been posted on the website of the Company: www.somatextiles.com.

4. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, 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 SEBI (LODR) Regulations, 2015.

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 31st March, 2017, the Company has four (4) Board level Committees namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and, Share Transfer Committee.

**A) AUDIT COMMITTEE**

The Board had, at its meeting held on 25th January, 2001, constituted the Audit Committee in compliance with the requirement under Section 177 of the Companies Act, 2013, read with rules made thereunder (Corresponding to Section 292A of the erstwhile Companies Act, 1956) and Regulation 18 of the SEBI (LODR) Regulations, 2015 (Corresponding to Clause 49 of the erstwhile Listing Agreement).

The present terms of reference of the Audit Committee includes the powers as laid out in Regulation 18(2)(c) and role as stipulated in Regulation 18(3)(A) of the SEBI (LODR) Regulations, 2015.

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

a) Terms of reference

The terms of reference of this committee are wide enough to cover the matters specified for Audit Committee under Regulation 18 of the SEBI (LODR) Regulations, 2015 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 SEBI (LODR) Regulations, 2015, Companies Act, and other Statutes.

The Company generally considers and reviews all items listed in the Regulation 18(3)(A) of the SEBI (LODR) Regulations, 2015. The Committee mandatorily reviews information as per the requirement of Regulation 18(3)(B) of the SEBI (LODR) Regulations, 2015 and such other matters as considered appropriate by it or referred to it by Board.

b) Composition

As on 31st March, 2017, 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 Regulation 18(1) of the SEBI (LODR) Regulations, 2015. The Committee was chaired by Shri B. K. Hurkat, the Non-Executive Independent Director, who is Chairman of the Committee. All the Members of the Audit Committee are financially literate including the Chairman of the Audit Committee who has financial management expertise. The Managing Director and Head of finance & accounts are permanent invitees of the Committee Meetings. The Statutory Auditors, Cost Auditors and Internal Auditors are also invited to the Committee Meetings. The Chairman of the Audit Committee was attended the 78th AGM held on 7th September, 2016 to answer shareholders queries. With effect from 1st October, 2016 Shri A. K. Mishra, Company Secretary acts as Secretary to the Committee upon resignation of Shri R. S. Sharma from the post of Company Secretary of the Company effective from 1st October, 2016.

c) Meetings

During the financial year 2016-17, four (4) Audit Committee meetings were held on 27th May, 2016, 10th August, 2016, 10th November, 2016, and 14th February, 2017. The maximum gap between any two meetings was less than 120 days. The Minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

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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	4
Mrs. N. Singh	Non-Executive Director – Independent	Member	2

B) NOMINATION AND REMUNERATION

The Board of Directors of the Company had, at its meeting held on 31st January, 2002, constituted the Remuneration Committee and further at its meeting held on 14th August, 2014, re-constituted and renamed this Committee as “Nomination and Remuneration Committee” in terms of requirement under the provisions of Section 178 of the Companies Act, 2013, read with rules made thereunder and in conformity with Regulation 19 of the SEBI (LODR) Regulations, 2015.

The Board of Directors of the Company had, at its meeting held on 31st January, 2002, constituted the Remuneration Committee and further at its meeting held on 14th August, 2014, re-constituted and renamed this Committee as “Nomination and Remuneration Committee” in terms of requirement under the provisions of Section 178 of the Companies Act, 2013, read with rules made thereunder and in conformity with Regulation 19 of the SEBI (LODR) Regulations, 2015.

The present terms of reference of the Nomination and Remuneration Committee includes the role as stipulated in Regulation 19(4), read with Part D of Schedule II of the SEBI (LODR) Regulations, 2015.

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

a) Terms of reference

The terms of reference of this committee are wide enough to cover the matters specified for Nomination and Remuneration Committee under Regulation 19 of the SEBI (LODR) Regulations, 2015 as well as in Section 178 of the Companies Act, 2013.

The Committee is empowered -

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

b) Composition

As on 31st March 2017, the Nomination and Remuneration Committee consisted of 4 (Four) Non-Executive Directors, three of whom, including the Chairman Shri B. K. Hurkat, Shri M. H. Shah and Mrs. N. Singh were Independent Non-Executive Directors and Shri S. K. Somany, was the Non-Executive Chairman & Promotor Director of the Company. With effect from 1st October, 2016 Shri A. K. Mishra, Company Secretary acts as Secretary to the Committee upon resignation of Shri R. S. Sharma from the post of Company Secretary of the Company effective from 1st October, 2016. During the year under review one (1) Nomination and Remuneration Committee meeting was held on 27th May, 2016 to review and recommend annual increments to the Whole-time directors. All the members attended the said Meeting.



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

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

c) Nomination and Remuneration Policy:

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 SEBI (LODR) Regulations, 2015, 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 SEBI (LODR) Regulations, 2015);
- (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 SEBI (LODR) Regulations, 2015.

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;
- (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;

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- (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 Rs.)					
Name of Director	Basic Salary & Allowances	Perquisites & other benefits	Contribution to PF	Sitting Fees	Total
Shri S. K. Somany	-	-	-	10,000	10,000
Shri A. K. Somany	4,260,000	420,000	511,200	-	5,191,200
Shri Shrikant Bhat	2,359,781	443,586	219,120	-	3,022,487
Shri B. K. Hurkat	-	-	-	10,000	10,000
Shri M. H. Shah	-	-	-	10,000	10,000
Mrs. N. Singh	-	-	-	5,000	5,000

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

The appointment of Shri A. K. Somany, Managing Director is contractual for a period of 3(Three) years commencing from 22nd January, 2017. The service of Shri A. K. Somany may be terminated by giving 6(Six) months notice or alternatively 6(Six) months' salary in lieu of such notice period. No stock option was issued to Shri Somany.

The appointment of Shri Shrikant Bhat, Executive Director is contractual for a period of 3(Three) years commencing from 18th January, 2016. The service of Shri Shrikant Bhat may be terminated by giving 2(Two) months notice or alternatively 2(Two) months' salary in lieu of such notice period. No stock option was issued to Shri Bhat.

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

C) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors of the Company had, at its meeting held on 28th June, 2001, constituted the Shareholders'/ Investors' Grievance Committee, in terms of Regulation 20 of the SEBI (LODR) Regulations, 2015 and had at its meeting held on 14th August, 2014, re-constituted and renamed the Committee as "Stakeholders Relationship Committee", in place of Shareholders'/Investors' Grievance Committee, in terms of requirement under the provisions of Section 178 of the Companies Act, 2013, read with the rules made thereunder and in conformity with the Regulation 20 of the SEBI (LODR) Regulations, 2015.

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 SEBI (LODR) Regulations, 2015, 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 31.03.2017, the Stakeholders' Relationship Committee comprised of Five (5) members, of this, Three (3) members are Non-Executive Independent Directors, 1 (One) is Non-Executive Non-Independent Promoter Director who is Chairman of the Committee and 1 (One) is Executive Non-Independent Promoter Director. The Committee met four times during the year on 30th June, 2016, 30th September, 2016, 31st December, 2016 and 31st March, 2017. 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	4
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	4
Shri B. K. Hurkat	Non-Executive Independent Director	Member	4
Shri M. H. Shah	Non-Executive Independent Director	Member	4
Mrs. N. Singh	Non-Executive Independent Director	Member	-

The Company has designated the E-mail ID: investors@somatextiles.com exclusively for the purpose of registering complaints by investors electronically in terms of the requirement of SEBI (LODR) Regulations, 2015. This E-mail ID is displayed on the Company's Website, i.e.: www.somatextiles.com

With effect from 1st October, 2016 Shri A. K. Mishra, Company Secretary is the Compliance Officer of the Company upon resignation of Shri R. S. Sharma from the post of Company Secretary of the Company effective from 1st October, 2016. During the year under review, the Company had not received any complaint from shareholders, which was resolved to the satisfaction of shareholders.

SEBI Complaints Redress System (SCORES)

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

D) SHARE TRANSFER COMMITTEE

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

a) Terms of reference

Terms of Reference of the Committee are as per the guidelines set out in the SEBI (LODR) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company. The Committee has been delegated authority and power to administer share transfer activities, formalities and mechanism.

Gist of terms of reference

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

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b) Composition

As on 31st March, 2017 the Share Transfer Committee comprised of one (1) Non-Executive Non-Independent Promoter Director as Chairman, Three (3) Non-Executive Independent Directors and One (1) Executive Non-Independent Promoter Director as members of the Committee. During the year under review, the Committee had 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	4
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	12
Shri B. K. Hurkat	Non-Executive Independent Director	Member	12
Shri M. H. Shah	Non-Executive Independent Director	Member	12
Mrs. N. Singh	Non-Executive Independent Director	Member	0

There were no valid share transfers pending for registration for more than 15 days as on 31.03.2017.

E) SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on 27th January, 2017, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

4. SUBSIDIARY COMPANY

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

5. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 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

A. Annual General Meeting:

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

Financial Year	AGM	Date	Time	Location
2015-16	78 th	07.09.2016	12:00 Noon	Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.
2014-15	77 th	17.09.2015	2:30 P.M.	- same as above -
2013-14	76 th	29.08.2014	3:00 P.M.	- same as above -


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

In the AGM held on	Subject matter of the resolution
7 th September, 2016	Re-appointment of Shri A. K. Somany, as the Managing Director for 3 (Three) years from 22 nd January, 2017.
17 th September, 2015	Re-appointment of Shri S. B. Bhat, as whole-time Director for 3 (Three) years from 18 th January, 2016.
29 th August, 2014	None of the Special Resolution passed at the AGM.

B. Extra-Ordinary General Meeting – NIL
C. Special Resolution(s) passed through Postal Ballot - NIL
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 31st March, 2017.

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

(iv) Compliance with Mandatory/Non-Mandatory requirements of the SEBI (LODR) Regulations, 2015

The Company has complied with all the mandatory requirements of the SEBI (LODR) Regulations, 2015. The Company has adopted following non-mandatory requirements of the SEBI (LODR) Regulations, 2015:-

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

Audit Qualification: It has always been the Company's endeavor to present unqualified financial statements. There are no audit qualifications for the year ended 31st March, 2017.

(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 Regulation 17(8) read with Part B of Schedule II of the SEBI (LODR) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 17 of the SEBI (LODR) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

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(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 the SEBI (LODR) Regulations, 2015. |
| (ii) Newspaper wherein results normally published | Business Standard (English), Kolkata and Kalantar (Bengali), Kolkata |
| (iii) Any Web Site, where displayed | The Company has its own website www.somatextiles.com 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. |
| (vii) BSE Electronic Application Processing System (BSE Listing Centre) | The 'BSE Listing Centre' (listing.bseindia.com) is a web based application designed by BSE for Corporates. All periodical compliance fillings, like the Shareholding pattern, Corporate Governance Report etc. are also filed electronically on BSE Listing Centre. |

9. GENERAL SHAREHOLDERS' INFORMATION

(i) **Annual General Meeting:**

The 79th Annual General Meeting is proposed to be held on Friday, the 25th August, 2017 at 12:00 Noon at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001.

(ii) **Financial Year :**

2017-2018 (1st April to 31st March)

First Quarterly results	Within 75 days of end of June quarter 2017
Second Quarterly Results	Within 75 days of end of September quarter 2017
Third Quarterly Results	Within 45 days of end of December quarter 2017
Audited Financial Results for the year ended 31.03.2018	Within 60 days of end of Financial Year March, 2018

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

Wednesday, the 16th August, 2017 to Friday, the 25th August, 2017 (both days inclusive).

(iv) **Dividend Payment Date:**

No dividend has been declared by the Company for the financial year 2016-17.

(v) **Listing on Stock Exchanges**

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

- (a) BSE Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
- (b) National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.


NOTE:

- (i) Listing fees have been paid to the Stock Exchanges for the year 2016-17.
- (ii) The Calcutta Stock Exchange Association Ltd., has vide its Letter No. CSEA/ID/223/2008 dated 16th April, 2008, confirmed the delisting of Company's Shares from the official List of their exchange. However Equity Shares have been allowed to be traded under the "Permitted Category" on the Exchange considering the interest of General Investors in the Company.

(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 (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2016	6.80	4.95	6.64	4.75
May 2016	6.80	4.50	6.60	4.41
June 2016	8.90	5.30	9.00	5.25
July 2016	10.00	6.75	9.95	7.09
August 2016	8.70	6.55	8.48	6.46
September 2016	8.95	7.05	8.78	7.08
October 2016	13.90	8.00	13.65	8.00
November 2016	13.20	8.55	13.34	8.35
December 2016	11.15	8.75	10.99	8.90
January 2017	10.75	8.55	10.90	8.85
February 2017	12.95	8.60	12.85	8.00
March 2017	16.20	11.55	16.10	11.75

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

Months	BSE		BSE INDEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2016	6.64	4.75	26100.54	24523.20
May 2016	6.60	4.41	26837.20	25057.93
June 2016	9.00	5.25	27105.41	25911.33
July 2016	9.95	7.09	28240.20	27034.14
August 2016	8.48	6.46	28532.25	27627.97
September 2016	8.78	7.08	29077.28	27716.78
October 2016	13.65	8.00	28477.65	27488.30
November 2016	13.34	8.35	28029.80	25717.93
December 2016	10.99	8.90	26803.76	25753.74
January 2017	10.90	8.85	27980.39	26447.06
February 2017	12.85	8.00	29065.31	27590.10
March 2017	16.10	11.75	29824.62	28716.21

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

Link Intime India Private Limited

Unit: Soma Textiles & Industries Limited

Address: C- 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083.

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

and/ or

Branch office at :

506-508, Amarnath Business Center-1(ABC-1), Besides Gala Business Center, Near St. Xavier's College Corner, Off. C.G. Road, Ellisbridge, Ahmedabad-380006.

Phone No. : 079-2646 5179 / 86 / 87, E-mail : ahmedabad@linkintime.co.in

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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 Regulation 40(9) of the SEBI (LODR) Regulations, 2015 and files a copy of certificate with the Stock Exchanges.

(xi) Secretarial Audit for Reconciliation of Share Capital

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

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

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

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

(xiii) Distribution of shareholding:

The shareholding distribution of equity shares as at 31st March, 2017 is given below:

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

No. of shares		Shareholders		Shareholding	
From	To	Number	% of total	No. of Shares	% of total shares
1	500	8310	76.94	1609931	4.87
501	1000	1089	10.08	962600	2.92
1001	2000	548	5.07	902545	2.73
2001	3000	250	2.32	668008	2.02
3001	4000	109	1.01	400498	1.21
4001	5000	124	1.15	600647	1.82
5001	10000	200	1.85	1515638	4.59
10001	Above	170	1.58	26373133	79.84
Total		10800	100.00	33033000	100.00

(b) Distribution of shareholding by ownership:

Category	No. of shares held	% shares holding
Promoters	21054256	63.74
Resident Individuals	9918554	30.02
Private Corporate Bodies	1138887	3.45
Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds	12344	0.04
OCBs and NRIs	55904	0.17
Foreign Institutional Investors	400	0.00
Others (Clearing Members, Trusts & HUF)	852655	2.58
Total	33,033,000	100.00

(xiv) Dematerialisation of Equity Shares

At present, 98.40% of total Paid-up Equity Share Capital is held in dematerialised form with NSDL and CDSL.



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

As on 31st March, 2017, the Company had no outstanding GDRs/ADRs/warrants or any convertible instruments

(xvi) Plant Locations

Rakhial Road, Ahmedabad – 380 023

Phone No.: 079-22743285-8

(xvii) Address for Investors' correspondence

Soma Textiles & Industries Limited,

Rakhial Road, Ahmedabad – 380 023

Phone: 079-22743285 Fax: 079-22745653, E-Mail id: investors@somatextiles.com

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

(A. K. SOMANY)
Managing Director

(S. B. BHAT)
Director

Place : Ahmedabad

Date : 12th July, 2017

DECLARATION OF CODE OF CONDUCT

To

The Members of

Soma Textiles & Industries Limited

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

I, Arvind Kumar Somany, Managing Director of Soma Textiles & Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2017.

(Arvind Kumar Somany)

Managing Director (CEO)

(DIN: 00024903)

Place: Ahmedabad

Date: 30th April, 2017

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER THE SEBI (LODR) REGULATIONS, 2015

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 31st March 2017, as stipulated in SEBI (LODR) Regulations, 2015 of the Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (LODR) Regulations, 2015.

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 & CO LLP

Chartered Accountants

Place: Ahmedabad

Date: 30th May, 2017

(Partner)

Membership No. : 140234

Firm Regn. No. : 107929W

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INDEPENDENT AUDITOR'S REPORT

To,
**THE MEMBERS OF
SOMA TEXTILES & INDUSTRIES LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **SOMA TEXTILES & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone 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 thereunder and the Order under section 143(11) of the Act.

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 the 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 Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters:

- (a) With effect from 10th August 2016, the Company shut down the garment unit/department at its Textiles Unit (at Ahmedabad) which had a Turnover of ₹ 649.67 Lakhs out of the total Turnover of ₹ 12,737.04 Lakhs in FY-2016-17 (PY turnover from Garment Division was ₹ 1900.34 Lakhs). The said shut down, as per the management, is on account of continuing losses due to high operative cost and other adverse factors.
- (b) As per the provisions of Section 23 of SICA Act, 1985 the Accumulated Losses of the company as at 31st March 2017 have resulted in erosion of more than 50% of its peak net worth during the four financial years immediately preceding the financial year ended on 31st March 2017. Consequent upon the Company had become a "Potentially Sick Company" under the said provision since FY 2013-14.

**Other Matters**

- (a) The Company had advanced a loan to the tune of ₹ 10043.06 Lakhs (previous year ₹ 10,444.46 Lakhs) to Soma Textiles FZC (UAE) out of GDR proceeds, classified as long term loan out of which ₹ 183.96 Lakhs(USD 2,77,609) was received during FY 2016-17 as per FIRC advice. This loan has been advanced by the Company as quasi-equity in addition to the capital contribution to Soma Textiles FZC. When the said loan was given, the said company was a wholly owned subsidiary, however with effect from 31-03-2010, the Company's holding in this company has diluted from 100% to 40%. In the financial statement of Soma Textiles FZC ended as at 31-03-2017 the accumulated loss reflects at AED 5,40,936 as against total capital of AED 9,00,000 (Including statutory reserve). Our opinion is not qualified in this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information & explanations given to us, we give in the **Annexure 'A'** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone 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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure 'B'**.
 - (g) With respect to the other matters to be included in the Auditors' 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 statement (Refer note 29 to the financial statement);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in the Standalone Financial Statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, on the basis of information available with the Company. Based on audit procedures, and relying on management representation, we report that disclosures are in accordance with the books of accounts maintained by the company and as provided to us by the Management. (Refer note 31 to the financial statement)

For PIPARA & CO LLP
Chartered Accountants
Firm Regn. No. : 107929W

NAMAN PIPARA
(Partner)
Membership No.140234

PLACE: Ahmedabad
DATE : 30th May, 2017

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ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report of even date to the members of SOMA TEXTILES & INDUSTRIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2017.

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assts.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings), as disclosed in fixed assets to the financial statements, are held in the name of the Company.
- II. As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- III. The Company has granted an unsecured interest free loan to its Associate, SOMA TEXTILE FZC. Such Associate is covered in the register maintained under section 189 of the Act. Total amount outstanding on 31st March 2017, was Rs. 10043.06 Lakhs.
 - (a) There are no terms and conditions set out by the company as on date for the loan given to Soma Textile FZC, therefore we are unable to report on regularity of receipt of principal amount.
 - (b) As there is no stipulation of repayment of loan by the Associate, we are unable to report on regularity of repayment of principal.
 - (c) As there is no set terms and conditions for the repayment, there are no overdue amounts in respect of the loan granted to the Associate.

In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act in the current year (FY 2016-17). The Company has not advanced any loan or given guarantees or provided security or made investments covered under section 186 of the Act in the current year (FY 2016-17).

- V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
- VI. We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- VII. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (b) Following amounts have not been deposited as on March 31, 2017 on account of dispute are given below:

Nature of Statue	Nature of the dues	Rs. in Lakhs	Period to which the amount relates	Forum where matter is pending
Central Excise Act, 1944	Recovery of CENVAT	1.59	2004-05	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.
	Recovery of additional TTA duty of yarn captively consume	24.85	2002-03	The Dy. Commissioner of C. Excise, Div-III, Ahmedabad



Nature of Statute	Nature of the dues	Rs. in Lakhs	Period to which the amount relates	Forum where matter is pending
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	The Commissioner of C. Excise, (Appeals), Ahmedabad
	Demand for old duty	0.5	2008-09	CESTAT, West Zone Ahmedabad
	Recovery of transitional CENVAT	5.81	2012-13	CESTAT, West Zone Ahmedabad (Appeal)
Gujarat Sales Tax Act, 1969	Additional Sales Tax	6.17	1997-98, 1998-99, 2000-01	Gujarat Value Added Tax Tribunal
Gujarat Sales Tax Act, 1969	Demand of Sales Tax	21.66	2005-06	Gujarat Value Added Tax Tribunal

VIII. Based on our audit procedures and on the basis of information and explanation given to us by the management the company has defaulted in repayment of loans or borrowings to a bank of which details are as follows:

(₹ in Lakhs)		
Particulars	Amount of Default as at the Balance Sheet date	Period of Default
a) Axis Bank	₹ 94.25	Upto 30 days (since repaid)

- IX. To the best of our knowledge and belief and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- X. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- XI. To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- XII. The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- XIII. To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- XIV. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- XV. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly provisions of clause 3(XV) of the order are not applicable to the Company.
- XVI. According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly provisions of clause 3(XVI) of the order are not applicable to the Company.

For PIPARA & CO LLP
Chartered Accountants
Firm Regn. No. : 107929W

PLACE: Ahmedabad
DATE : 30th May, 2017

NAMAN PIPARA
(Partner)
Membership No.140234

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ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SOMA TEXTILES & INDUSTRIES LIMITED

The Annexure referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements", in respect to the Internal Financial Control under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"), for the year ended 31st March, 2017, we report that :

We have audited the internal financial controls over financial reporting of SOMA TEXTILES & INDUSTRIES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Control over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For PIPARA & CO LLP
Chartered Accountants
Firm Regn. No. : 107929W

NAMAN PIPARA
(Partner)
Membership No.140234

PLACE: Ahmedabad
DATE : 30th May, 2017

**BALANCE SHEET AS AT 31ST MARCH, 2017**

(₹ in lakhs)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	4,297.75	4,297.75
(b) Reserves and surplus	2	(4,168.97)	(3,055.33)
Non-current liabilities			
(a) Long-term borrowings	3	11,315.71	15,080.12
(b) Other Long term liabilities	4	-	200.00
(c) Long-term provisions	5	337.38	482.82
Current liabilities			
(a) Trade payables			
- Total outstanding dues of micro enterprise and small enterprise		-	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise		202.31	1,360.52
(b) Other current liabilities	6	5,377.63	4,529.24
(c) Short-term provisions	7	101.98	118.65
TOTAL		17,463.79	23,013.78
ASSETS			
Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		2,962.98	3,938.53
(ii) Intangible assets		28.89	43.57
(b) Non-current investments	9	34.22	34.22
(c) Deferred tax assets (net)	10	1,811.08	2,026.08
(d) Long-term loans and advances	11	10,600.89	10,887.38
Current assets			
(a) Inventories	12	755.18	1,770.95
(b) Trade receivables	13	485.74	1,767.32
(c) Cash and cash equivalents	14	268.37	1,128.93
(d) Short-term loans and advances	15	61.00	74.96
(e) Other current assets	16	455.43	1,341.82
TOTAL		17,463.79	23,013.78

Significant accounting policies Part-A and notes 1 to 35 form an integral part of the financial statements

As per our report of even date

For PIPARA & CO LLP

CHARTERED ACCOUNTANTS

(Firm Reg. No. 107929W)

NAMAN PIPARA

PARTNER

Membership No. 140234

Place : Ahmedabad

Date : 30th May, 2017**For and on behalf of the Board****A. K. SOMANY**

Managing Director

SHRIKANT BHAT

Executive Director

M. B. PARAKH

Chief Financial Officer

A. K. MISHRA

Company Secretary

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)			
Particulars	Note	2016-17	2015-16
I. Revenue from operations (Gross)	17	12,733.33	17,024.16
Less: Excise Duty		(1.41)	(0.48)
		12,731.92	17,023.68
II. Other income	18	163.10	157.13
III. Total Revenue (I + II)		12,895.01	17,180.81
IV. Expenses:			
Cost of materials consumed	19	4,674.28	7,137.28
Changes in inventories of finished goods and work-in-progress	20	847.80	1,236.87
Employee benefits expense	21	1,727.52	1,905.99
Finance costs	22	1,794.26	2,258.98
Depreciation	8	407.63	679.38
Other expenses	23	4,854.82	6,341.32
Total expenses		14,306.32	19,559.82
V. Profit/(Loss) before Exceptional Item and Tax		(1,411.31)	(2,379.01)
VI. Prior Period Items - (Expense)/Income	24	10.80	-
VII. Exceptional items	25	(217.23)	593.47
VIII. Profit/(Loss) before extraordinary items and tax		(1,617.73)	(1,785.54)
IX. Extraordinary Items		713.24	-
X. Profit/(Loss) before tax		(904.49)	(1,785.54)
XI. Tax expense:			
Deferred tax		(215.00)	369.00
Tax in respect of earlier years		5.86	(6.12)
XII. Profit/(Loss) for the period		(1,113.63)	(1,422.66)
XIII. Earnings per equity share:			
(1) Basic	26	(3.37)	(4.31)
(2) Diluted	26	(3.37)	(4.31)

Significant accounting policies Part-A and notes 1 to 35 form an integral part of the financial statements

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

NAMAN PIPARA
 PARTNER
 Membership No. 140234
 Place : Ahmedabad
 Date : 30th May, 2017

For and on behalf of the Board

A. K. SOMANY Managing Director
SHRIKANT BHAT Executive Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

(₹ in lakhs)

Particulars	2016-17	2015-16
A Cash flow from operating activities		
Profit/(Loss) before prior period items/exceptional items/extraordinary items & tax	(1,411.31)	(2,379.01)
Adjustment for:		
- Depreciation	407.63	679.38
- Profit on Sale of Current Investments	(0.74)	-
- (Profit) / loss on sale of fixed assets (net)	38.88	(3.26)
- Interest (Net)	1,794.26	2,258.98
- Dividend received	(3.21)	-
	2,236.83	2,935.10
Operating profit/(Loss) before working capital changes	825.52	556.09
Adjustment for :		
- Trade receivables	1,281.56	166.61
- Other receivables	1,187.96	(955.97)
- Inventories	1,015.78	1,524.22
- Trade payables	(1,002.42)	(316.46)
	2,482.88	418.40
Cash generated from operations	3,308.40	974.49
- Direct Taxes paid	5.86	(6.12)
	5.86	(6.12)
Cash flow before prior period items, exceptional items & extraordinary items	3,314.26	968.38
- Prior period items	10.80	-
- Extraordinary items	(299.07)	-
- Exceptional items	(217.23)	593.47
Net Cash flow from operating activities	2,808.76	1,561.84
B Cash flow from investing activities :		
- Purchase of fixed assets	(81.82)	(74.70)
- Sale of fixed assets	625.52	275.53
- Net off Sales & Purchase of Current investments	0.74	-
- Dividend received	3.21	-
- Interest received	64.95	25.32
Net cash from investing activities	612.60	226.16
C Cash flow from financing activities :		
- Total proceeds from borrowings (net of repayments)	(3,403.19)	(493.53)
- Interest paid	(116.82)	(211.01)
- Trade Deposits	(200.00)	-
- Unsecured loan from promoters	(561.91)	(70.00)
Net cash from financing activities	(4,281.91)	(774.54)
Net increase in cash and cash equivalents (A+B+C)	(860.55)	1,013.46
Cash and cash equivalent as on 01.04.2016 (opening balance)	1,128.93	115.46
Cash and cash equivalent as on 31.03.2017 (closing balance)	268.37	1,128.93

As per our report of even date

For PIPARA & CO LLP

CHARTERED ACCOUNTANTS

(Firm Reg. No. 107929W)

NAMAN PIPARA

PARTNER

Membership No. 140234

Place : Ahmedabad

Date : 30th May, 2017**For and on behalf of the Board****A. K. SOMANY** Managing Director**SHRIKANT BHAT** Executive Director**M. B. PARAKH** Chief Financial Officer**A. K. MISHRA** Company Secretary

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Significant accounting policies

1 Background:

The company was originally established R.B. Rodda & Co. Ltd. in the year 1940 under the Indian Companies Act, VII of 1913 and the name of the company was changed to Soma Textiles & Industries Ltd. on 21st January, 1992. Company engaged in manufacturing of Textile Fabrics.

2 Basis of preparation :

The financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention, on the accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified).

The financial statements has been prepared and presented as per requirement of Schedule III as notified under Companies Act, 2013.

3 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.

4 A) Fixed assets :

- (a) 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.
- (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) 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 :

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. 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.

5 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.

6 Investments :

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

7 Foreign exchange transaction :

- (a) Foreign currency transactions are recorded at the exchange rates at the date of transaction.
- (b) Gains and losses resulting from the settlement of such transactions and from the translation of money receivable and money payable denominated in foreign currencies, are recognised in the Statement of Profit and Loss.
- (c) Premium in respect of forward contracts is accounted over the period of the contract.
- (d) Forward Exchange contracts entered for trading purposes are valued and marked to its current market value and the resultant gain or loss is dealt with in Statement of Profit and Loss, as per AS-11.
- (e) All foreign currency loans outstanding at the close of the balance period are expressed in Indian currency at the exchange rate prevailing on the date of Balance Sheet.



- (f) Foreign exchange rate variations relating to acquisition of Fixed Assets are transferred to Statement of Profit and Loss as per the revised Accounting Standard 11 "The Effects Of Changes In Foreign Exchange Rates".
- (g) Current assets & current liabilities in foreign currency, other than those covered by forward exchange contracts, outstanding at the close of the balance sheet date are converted in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted as " Foreign Exchange Rate Fluctuation", during the year.

8 Use of estimates :

The preparation of financial statement in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities on the date of. 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 :

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – 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 are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent Liabilities not provided for are disclosed by way of Notes to 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.

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March, 2016
1. SHARE CAPITAL		
Authorised		
40,000,000 (Previous year 40,000,000) Equity Shares of Rs. 10 each	4,000.00	4,000.00
1,000,000 0.01% Cumulative Redeemable Non-convertible Preference Shares of Rs 100 each	1,000.00	1,000.00
Issued		
33,418,300 (Previous year 33,418,300) Equity Shares of Rs.10 each	3341.83	3341.83
975,000 (Previous year 975,000) 0.01% Cumulative Redeemable Non-convertible Preference Shares of Rs 100 each	975.00	975.00
Subscribed & Paid up		
33,033,000 (Previous year 33,033,000) Equity Shares of Rs.10 each	3,303.30	3,303.30
975,000 (Previous year 975,000) 0.01% Cumulative Redeemable Non-convertible Preference Shares of Rs 100 each	975.00	975.00
Add:		
Subscribed and not paid up		
385,300 (previous year 385,300) equity shares of Rs. 10 each partly paid up Rs. 5 each forfeited in the year 1996-97	19.45	19.45
Total	4,297.75	4,297.75

- 1.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is set out below:-

a) Equity Shares	(₹ in lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Shares at the beginning of the Year	3,30,33,000	3,30,33,000
Add: Shares issued during the year	-	-
Less: Shares bought back during the year	-	-
Shares at the end of the Year	3,30,33,000	3,30,33,000
b) 0.01% Cumulative Redeemable Non-convertible Preference Shares		
	As at 31st March, 2017	As at 31st March, 2016
Shares at the beginning of the Year	9,75,000	9,75,000
Add: Shares issued during the year	-	-
Less: Shares Redeemed during the year	-	-
Preference Shares at the end of the Year	9,75,000	9,75,000

**1.2 The Detail of Shareholders holding more than 5% Shares:**

Name of Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a) Equity Shares				
KGPL Industries and Finvest Pvt. Ltd.	1,17,99,651	35.72	69,97,716	21.18
Sarvopari Investment Private Limited	40,07,244	12.13	40,07,244	12.13
APMS Investment Fund Limited (Formerly Mavi Investment Fund Limited)	0	0.00	49,86,600	15.10
Surendra Kumar Somany	29,65,695	8.98	29,65,695	8.98
b) Preference Shares				
KGPL Industries and Finvest Pvt. Ltd.	3,45,000	35.38	3,45,000	35.38
Sarvopari Investment Private Limited	5,80,000	59.49	5,80,000	59.49
Surendra Kumar Somany	50,000	5.13	50,000	5.13

2 Reserve and Surplus

	(₹ in lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
a. Capital Reserves		
As per last Balance Sheet	77.57	77.57
b. Securities Premium Account		
As per last Balance Sheet	8,713.65	8,713.65
c. General Reserve		
As per last Balance Sheet	18.58	18.58
d. Surplus		
As per last Balance Sheet	(11,865.13)	(10,442.48)
Profit/(Loss) for the period	(1,113.63)	(1,422.66)
Closing Balance	(12,978.77)	(11,865.13)
Total	(4,168.97)	(3,055.33)

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3 Long term borrowings

Name of Shareholder	(₹ in lakhs)			
	As at		As at	
	31st March, 2017		31st March, 2016	
	Non Current	Current	Non Current	Current
<u>Secured</u>				
(a) Term loan from Banks				
Rupee Term Loan	8841.68	699.29	11836.56	1152.86
Refer Note: 3.1 & 3.2				
Pending Loans after assignment	2469.90	0.00	2677.48	0.00
Refer Note: 3.1 & 3.2				
(b) Term loan from others				
<u>Other loans and advances (Unsecured)</u>				
Leasehold Liability	4.13	-	4.08	-
Unsecured Loans from Promoters	0.00	-	562.00	-
Total	11315.71	699.29	15080.12	1152.86

3.1 Repayment:

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

The loans of Axis Bank are stated as per the CDR package duly approved by Axis Bank.

Takeover of outstanding bank dues by asset reconstruction company with reference to default in repayment dues to financial institutions and bank as per note: 3, the total outstanding term loans Rs.1039.90 lacs (Previous year Rs. 3672.01), Debenture Nil (Previous Year Rs.111.64), FITL Rs. 824.30 (Previous year Rs.1291.59 Lakhs) and C.C. A/C Rs. 9497.03 (Previous Year Rs. 9495.98) totaling to Rs. 11361.23 (Previous Year Rs. 14571.21 Lakhs) such outstanding amount was taken over by Invent) and as per the new repayment schedule a total amount of Rs.8890.28 Lakhs (Previous year Rs. 11893.73 lacs) is now payable to Invent against the total outstanding amount. The difference of Rs. 2469.90 lakhs (Previous Year Rs. 2677.48 lakhs) towards reduced liability of repayment would only be crystallized if no default is made by the company in its repayment to Invent Assets Securitisation & Reconstruction Pvt. Ltd., and hence has been carried forward by the company recognizing as a long term liability, under the classification of "Long Term Liabilities" under the head "Pending loan after assignment".

3.2 Security

- Term Loan and Funded Interest on Working Capital are secured by way of first mortgage / charge over the immovable properties and first charge by way of hypothecation over the movable (save and except current assets /book debts and certain items of Plant & Machinery purchased and/or to be purchased under the equipment finance/credit scheme) both present and future, and second charge on the current assets i.e. stock of raw materials, finished and finished goods, consumable stores, book debts, receivables and as such other movables subject to prior charges created and/or to be created in favour of company's bankers on stocks of raw materials, finished and semi-finished goods, consumable stores,book debts and other receivables for securing working capital facilities.
- Term Loan shall rank pari-passu interse without any preference or priority of one or the other.
- 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.

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

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Duration	Amount	Duration	Amount
Debentures				
Principal	181 days & above	-	181 days & above	74.02
Interest	181 days & above	-	181 days & above	6.00
Term loans from banks				
Principal	Upto 30 days	94.25	Upto 30 days	
	181 days & above	-	181 days & above	3685.46
Interest	Upto 30 days	7.46	Upto 30 days	79.79
	From 31 to 90 days	14.87	From 31 to 90 days	114.26
	From 91 to 180 days	-	From 91 to 180 days	174.77
	181 days & above	-	181 days & above	682.04
Derivative Rupee Term Loan				
Principal	181 days & above	-	181 days & above	348.65
Interest	Upto 30 days	-	Upto 30 days	8.08
	From 31 to 90 days	-	From 31 to 90 days	15.14
	From 91 to 180 days	-	From 91 to 180 days	20.30
	181 days & above	-	181 days & above	60.24
FITL				
Principal	181 days & above	-	181 days & above	507.44
Interest	181 days & above	-	181 days & above	263.07
TOTAL				
Principal		94.25		4615.57
Interest		22.33		1423.70

4 Other long term liabilities**(₹ in lakhs)**

	As at 31st March, 2017	As at 31st March, 2016
Earnest money against Land Development	-	200.00
Total	-	200.00

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5 Long term provisions

	(₹ in lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits		
Gratuity	309.13	443.54
Leave Benefits	28.25	39.28
Total	337.38	482.82

6 Other current liabilities

	(₹ in lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Current maturities of long-term debt	699.29	1152.86
Interest accrued and due on borrowings	4,078.49	3,094.44
Outstanding Liabilities	30.33	28.02
Advances received for sale of Commercial Units	467.04	77.39
Other payables*	102.49	176.54
Total	5,377.63	4,529.24

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

Interest accrued and due on borrowing include interest on loans taken from Banks which have been assigned to Invent ARC Amt. Rs. 4056.15 Lacs (previous year amt. Rs.3082.12 Lacs) which is in line with Note 3.1

7 Short term provision

	(₹ in lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employee benefits		
Bonus	15.34	19.93
Leave with wages	6.79	7.93
Gratuity Provision	79.85	90.79
Total	101.98	118.65


8 Fixed assets

(₹ in lakhs)

Particulars	Gross block			Accumulated depreciation				Net block		
	Balance as at 1st April 2016	Additions	Deletions/ adjustments	Balance as at 31st March 2017	Balance as at 1st April 2016	Charge for the Year	Deletions/ adjustments	Balance as at 31st March 2017	Balance as at 31st March 2017	Balance as at 31st March 2016
(i) Tangible assets										
Freehold land	0.38	-	0.00	0.38	-	-	-	-	0.38	0.38
Leasehold land	1.08	-	0.00	1.08	-	-	-	-	1.08	1.08
Freehold buildings	2245.32	0.00	0.00	2245.32	710.66	61.56	0.00	772.22	1473.09	1534.65
Leasehold buildings	9.31	-	-	9.31	1.39	0.15	-	1.54	7.77	7.92
Plant and equipment	11959.48	0.87	2434.98	9525.37	9722.40	301.12	1779.73	8243.79	1281.58	2237.08
Furniture and fixtures	68.36	0.00	6.50	61.86	51.21	3.87	3.33	51.76	10.10	17.15
Vehicles	171.35	77.77	11.15	237.98	83.95	20.48	6.27	98.17	139.81	87.40
Office equipment	208.58	3.17	6.14	205.61	155.70	5.80	5.06	156.44	49.17	52.88
Others (specify nature)										
Total tangible assets	14663.85	81.82	2,458.77	12,286.90	10725.32	392.98	1794.38	9,323.92	2962.98	3938.53
(ii) Intangible sssets										
Computer software	153.90	-	0.57	153.33	110.33	14.66	0.54	124.44	28.89	43.57
Total Intangible assets	153.90	-	0.57	153.33	110.33	14.66	0.54	124.44	28.89	43.57
Total	14,817.75	81.82	2,459.35	12,440.23	10,835.65	407.63	1,794.92	9,448.36	2,991.87	3982.11

9 Non-current investment (Unquoted)

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March 2016
Other Investments		
Investment in Equity instruments		
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 Rs. 100/- each in Poonam Apt. Association)		
Total	34.22	34.22

10 Deferred tax assets (net)

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March 2016
Deferred Tax Assets		
Unabsorbed Business losses and depreciation	1,991.69	2,156.91
Deferred Tax Liabilities		
Related to Fixed Assets	180.61	130.83
Deferred Tax Assets (net)	1,811.08	2,026.08

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11 Long term loans and advances (unsecured, considered good)

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Security Deposits	232.71	319.74
Capital Advances	220.60	-
Income Tax Advance	86.42	105.08
MAT credit Entitlement	18.10	18.10
Soma Textiles FZC Loan Account (Refer Note 11.1)	10,043.06	10,444.46
Total	10,600.89	10,887.38

11.1 The Company out of the GDR issue proceeds had made an investment of USD 15 million, which as on 31st March, 2017 is equivalent to INR Rs 10,043.06 lakhs (Previous Year INR Rs 10,444.46 lakhs), by way of long term loan and also invested in the Equity Share capital i.e 300 equity shares equivalent to INR Rs. 34.21 lakhs (Previous Year INR Rs 34.21 lakhs) of Soma Textile FZC, Umm Al Quwain Free Trade Zone, Umm Al Quwain, U.A.E. an associate (Formerly Soma Textile FZE, Sharjah, U.A.E., a wholly owned subsidiary).

12 Inventories

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Raw Materials	96.80	166.74
Work-in-progress	100.30	433.69
Finished goods	247.71	759.56
Stores and spares	309.48	407.51
Waste	0.89	3.46
Total	755.18	1,770.95

13 Trade receivables

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Outstanding for a period exceeding six months from the due date:		
Unsecured	13.82	57.41
Other Debts:		
Secured	183.72	700.88
Unsecured	288.20	1,009.03
Total	485.74	1,767.32

14 Cash and cash equivalents

(₹ in lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents		
Balances with Banks	41.88	650.51
Cash on hand	3.32	2.28
	45.20	652.79
Other Bank Balances		
Bank Deposits	223.18	476.14
Total	268.37	1,128.93

**15 Short-term loans and advances (unsecured, considered good)****(₹ in lakhs)**

	As at 31st March, 2017	As at 31st March, 2016
Advances recoverable in cash or in kind or for value to be received	23.53	37.49
Balance with Central Excise in Current Account	37.47	37.47
Total	61.00	74.96

16 Other current assets**(₹ in lakhs)**

	As at 31st March, 2017	As at 31st March, 2016
Export Incentive Receivable	75.11	616.76
Duties, Claims & Other Receivables	314.82	312.25
Interest Receivable under TUF Scheme	45.20	127.34
Assets held for sale	-	266.28
Interest Accrued	20.31	19.18
Total	455.43	1,341.82

17 Revenue from operations (Gross)**(₹ in lakhs)**

	2016-17	2015-16
a) Sale of products	12,523.50	16,712.75
b) Other operating revenues		
(i) Export Incentive	74.04	140.30
(ii) Waste and Scrap Sale	134.38	170.63
	208.42	310.93
Total	12,731.92	17,023.68

Detail of sales of Products:**(₹ in lakhs)**

	2016-17	2015-16
Cloth	11,609.82	14,323.32
Yarn	264.01	489.09
Garment	649.67	1,900.34
Total	12,523.50	16,712.75

18 Other income**(₹ in lakhs)**

	2016-17	2015-16
Rent	15.36	0.17
Insurance & Other claims	17.47	37.73
Interest Incentive under TUF Scheme	33.56	52.41
Profit on Sale of Investment	0.74	-
Profit on Sale of Fixed Assets	60.54	3.87
Miscellaneous Receipts	25.88	30.31
Foreign Exchange Rate Difference	6.34	32.64
Dividend Received	3.21	-
Total	163.10	157.13

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19 Cost of Materials consumed

	(₹ in lakhs)	
	2016-17	2015-16
Opening Stock	166.74	264.03
Add: Purchases	4,604.34	7,039.99
	4,771.08	7,304.02
Less : Sales	-	-
Closing Stock	96.80	166.74
Consumption	4,674.28	7,137.28
Imported and Indigeneous Raw materials consumed		
	2016-17	2015-16
Indigenous	4,674.28	7,137.28
Total	4,674.28	7,137.28
Detail of Raw Material consumed		
	2016-17	2015-16
Cotton	68.06	1,691.58
Cotton Yarn	1,836.97	1,991.26
Man Made Fibre	-	0.35
Polyester Yarn	208.51	410.79
Cloth Purchases	2,428.59	2,824.55
Garment material	88.09	218.75
Total	4,630.23	7,137.28

20 Changes in Inventories of Finished Goods and Work-In-Progress

	(₹ in lakhs)	
	2016-17	2015-16
Opening Stock:		
Finished Goods	763.01	1,502.15
Work-in-progress	433.69	931.42
	1,196.71	2,433.57
Closing Stock:		
Finished Goods	248.60	763.01
Work-in-progress	100.30	433.69
	348.90	1,196.71
Total	847.80	1236.87

21 Employee Benefits Expenses

	(₹ in lakhs)	
	2016-17	2015-16
Salaries and Wages	1,592.06	1,723.44
Contribution to Provident and Other Funds	98.04	126.59
Staff Welfare Expenses	37.42	55.96
Total	1,727.52	1,905.99



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

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

	(₹ in lakhs)	
	2016-17	2015-16
Contribution to Employees' Provident Fund.	46.32	56.85
Contribution to Pension Fund	36.99	48.02
Contribution to Labour Welfare Fund	10.89	14.87
EDLI Charges	0.07	0.14
Administration Charges of Provident Fund	3.77	6.72
Total	98.04	126.59

Defined Benefit Plans:

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

Reconciliation of opening and closing balance of Defined Benefit obligation :

	(₹ in lakhs)	
Gratuity	2016-17	2015-16
Present value of Defined Benefit Obligation as at 31 st March, 2016	534.33	492.20
Interest Cost	38.38	36.48
Current Service Cost	29.15	26.80
Benefit paid	(212.77)	(37.80)
Net Actuarial Gain / (Loss)	(0.11)	16.66
Present value of Defined Value Obligation as on 31 st March, 2017	388.98	534.33

Reconciliation of fair value of Plan Assets.

Fair value of Plan Assets as at 31 st March, 2016	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 31 st March, 2017	NIL	NIL

Actuarial Assumptions

Discount rate as on 31 st March, 2017	7.15%	7.85%
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)	
Leave encashment	2016-17	2015-16
Defined Benefit Obligation as on 31 st March, 2017	35.04	47.21

The above information is certified by an Actuary.

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22 Finance cost

	(₹ in lakhs)	
	2016-17	2015-16
Interest expense	1,779.90	2,241.07
Other borrowing costs	14.37	17.91
Total	1,794.26	2,258.98

23 Other expenses

	(₹ in lakhs)	
	2016-17	2015-16
Consumption of stores and spares	2,241.63	2,863.79
Power and Fuel	1,474.75	2,182.33
Rent	2.63	2.95
Repairs to Building	9.42	15.59
Repairs to Machinery	185.94	230.60
Repairs to Others	1.27	6.17
Job Work Charge	51.34	159.32
Insurance	31.12	46.07
Rates and Taxes	20.48	25.51
Payments to Auditors	14.00	13.30
Miscellaneous expenses	822.24	795.69
Total	4,854.82	6,341.32

23.1 Imported and Indigenous Stores and Spares Parts Consumed:

	(₹ in lakhs)	
	2016-17	2015-16
Imported	583.39	493.45
Indigenous	1,658.25	2,370.34
Total	2,241.63	2,863.79

23.2 Payments to the auditors

	(₹ in lakhs)	
	2016-17	2015-16
- As Auditor	6.21	5.89
- For Taxation Matters	5.01	4.77
- For Other services	1.73	1.74
- For Reimbursement of expenses	1.05	0.90
Total	14.00	13.30

**24 Prior period item- (Expense)/Income represent :**

	(₹ in lakhs)	
	2016-17	2015-16
Credit Relating to Earlier Years	10.80	-
Total	10.80	-

25 Exceptional items represent:

	(₹ in lakhs)	
	2016-17	2015-16
Foreign Exchange fluctuation on loan - Soma Textile FZC	(217.23)	593.47
Total	(217.23)	593.47

26 Earning per Share (EPS):

	2016-17	2015-16
Basic :	(3.37)	(4.31)
Numerator : Net profit/(Loss) after taxation as disclosed in Profit & Loss Account (After Extra Ordinary Items) (₹ in lakhs)	(1,113.63)	(1,422.66)
Denominator :Weighted Average No. of Equity Shares outstanding during the year	3,30,33,000	3,30,33,000
Diluted :	(3.37)	(4.31)
Numerator : Net Profit/(Loss) for Diluted EPS (₹ in lakhs) (After Extra Ordinary Items)	(1,113.63)	(1,422.66)
Denominator :Weighted Average No. of Equity	3,30,33,000	3,30,33,000
The nominal value per Equity Shares is Rs.10/-		

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

28 Related party transaction

1.1 Holding Company	Not Applicable
1.2 Associate Company	SOMA TEXTILE F.Z.C., Umm Al Quwain, U.A.E.
1.3 Fellow Subsidiary	Not Applicable
1.4 Other related parties where control exists.	Somany Evergreen Knits Ltd.
	Kechak Credit & Finvest Ltd.
1.5 Key management personnel and their relatives	Shri S. K. Somany, Chairman (Shri A. K. Somany, Managing Director is son of Shri S. K. Somany) Shri A. K. Somany, Managing Director (Shri S. K. Somany, Chairman is father of Shri A. K. Somany) 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.

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

(₹ in lakhs)					
Particulars	Associate		Key Management personnel and their relatives		Other parties which significantly influence / are influenced by the Company (either individually or otherwise)
	2017	2016	2017	2016	2017
Rent Paid	-	-	-	-	1.80
Water & Electricity Charges	-	-	-	-	0.90
Repair & Maintenance	-	-	-	-	0.24
Rates & Taxes	-	-	-	-	0.00
Remuneration	-	-	80.60	76.62	-
Sitting Fee	-	-	0.10	0.08	-
Balance outstanding at date of Balance sheet :					
- advance received	-	44.33	-	-	-
- receivable	10,043.06	10,444.46	-	-	-

29 Disclosure of Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)		
	As at 31st March, 2017	As at 31st March, 2016
(i) Contingent Liabilities		
Litigation		
Sales Tax Payment disputed by the Company	27.83	27.83
Excise Duty demand disputed by the Company	33.73	33.73
Claims against the Company not Acknowledged as debts	42.54	41.13
Disputed Income Tax demand for A.Y. 2006-07	-	9.77
Total	104.10	112.45
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	886.32	-

Note: The company had ordered 36 new looms for technology upgradation Total Amt. Rs. 1104.48 Lacs and Big Batching Machine of Rs. 2.44 Lacs, remaining Rs.886.32 Lacs are not provided as on 31st March, 2017.

30 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.

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

(₹ in lakhs)	
	2016-17
Stores (including dyes and spares)	422.75
	454.21

**30.2 EXPENDITURE IN FOREIGN CURRENCY**

	(₹ in lakhs)	
	2016-17	2015-16
Traveling Expenses	9.77	17.38

30.3 EARNING IN FOREIGN CURRENCY DURING THE YEAR

	(₹ in lakhs)	
	2016-17	2015-16
F.O.B.Value of Exports	991.13	1956.10

31 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES HELD AND TRANSACTED:- (₹ in lakhs)

Particulars	Specified Bank Notes(SBNs)	Other denomination notes & coins	Total
Closing cash in hand as on 08.11.2016	3,15,500.00	62,892.37	3,78,392.37
(+) Permitted receipts	-	-	-
(-) Permitted payments	20,000.00	-	20,000.00
(-) Amount deposited in Banks	2,95,500.00	-	2,95,500.00
Closing cash in hand as on 30.12.2016	-	-	-

Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.

The disclosures with respects to 'Permitted Receipts', 'Permitted Payments', 'Amount Deposited in Banks' and 'Closing Cash in Hand as on 30.12.2016' is understood to be applicable in case of SBNs only.

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

Based on information available with the company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) till 31st March, 2017. Accordingly, no disclosure are required to be made under said act.

33 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).

34 Company has closed down, the spinning & winding unit w.e.f. 14th May, 2016 and garment department w.e.f. 10th August, 2016. Necessary disclosure have been made under Reg. 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

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

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

NAMAN PIPARA
 PARTNER
 Membership No. 140234
 Place : Ahmedabad
 Date : 30th May, 2017

For and on behalf of the Board

A. K. SOMANY Managing Director
SHRIKANT BHAT Executive Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

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INDEPENDENT AUDITOR'S REPORT

To,
THE MEMBERS OF
SOMA TEXTILES & INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **SOMA TEXTILES & INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its associate company (the Holding Company and its associate together referred to as "the Group"); comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.(hereinafter referred to as " the Consolidated Financial Statements")

Management's Responsibility for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the preparation of these Consolidated Financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group, 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial statements based on our audit. While conducting the 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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, of the Consolidated state of affairs of the Group and Associate as at 31st March, 2017, and their consolidated loss and the Consolidated Cash Flows for the year ended on that date.

**Emphasis of Matters**

1. We draw attention towards note relating to accounts receivable of Soma Textiles FZC, an associate enterprise (currently registered in Umm Al Quwain Free Trade Zone) in the Director's Reports of FY-2015-16, relating to account receivables. Originally, the debtors had requested the Company for a cooling period of two years for clearing their dues, i.e. till March, 2016, however, their financial position has still not improved & they have once again in previous year 2015-16 requested for a period of five years effectively ending on 31-3-2021. Total outstanding that remains of all debtors after receiving part payments remains at AED 6,09,92,238 after receipt of AED 10,00,000. The Independent Auditor of Soma Textiles FZC has not commented on this matter.
2. The Company had advanced a loan to the tune of ₹ 10043.06 Lakhs (previous year ₹ 10,444.46 Lakhs) to Soma Textiles FZC (UAE) out of GDR proceeds, classified as long term loan. This loan has been advanced by the Company as quasi-equity in addition to the capital contribution to Soma Textiles FZC. When the said loan was given, the said company was a wholly owned subsidiary, however with effect from 31-03-2010, the Company's holding in this company has diluted from 100% to 40%. In the financial statement of Soma Textiles FZC ended as at 31-03-2017 the accumulated loss reflects at AED 5,40,936 as against total capital of AED 9,00,000 (Including statutory reserve) .

Other Matter-

- (a) Capital adequacy has not been maintained during the current year as opined by the independent auditor SKM INTERNATIONAL CHARTERED ACCOUNTANT of SOMA TEXTILES FZC situated at Umm Al Quwain Free Trade Zone, Umm Al Quwain U.A.E. However, the management of Soma Textiles FZC, confirms that there is no requirement under the laws, rules and regulations of the UAQFTZ or Memorandum of Association which require Capital Adequacy of the share capital in the company on year to year basis.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated 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 of the Holding Company as on 31st March, 2017, taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company in India is disqualified from being appointed as a director in terms of Section 164 (2) of the Act. Associate entity is incorporated outside India so provision of Section 164(2) of companies Act, 2013 is not applicable as on 31st March, 2017.

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- (f) With respect to the adequacy and operating effectiveness of the internal financial controls over financial reporting of consolidated financial statement required to report under section 143(3)(i) of the 2013 act would apply for the respective components only if it is a company incorporated in India under the 2013 Act.

The respective Board of Directors of the parent company are not responsible for establishing and maintaining internal financial control based on criteria established by the company considering the essential components of internal control stated in guidance notes on audits of internal financial control of financial reporting issued by The Institute of Chartered Accountants of India for its associate Soma Textile FZC (U.A.E.) incorporate outside India.

For internal financial control over financial reporting of Soma Textiles & Industries Limited refer Annexure-'B' of standalone independent auditors report.

- (g) 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 Consolidated Financial Statements disclose the impact of pending litigation on the Consolidated financial position of the Group – Refer Note 29 to the Standalone 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Associate Company.

For PIPARA & CO LLP
Chartered Accountants
Firm Regn. No. : 107929W

PLACE: Ahmedabad
DATE : 30th May, 2017

NAMAN PIPARA
(Partner)
Membership No.140234

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017**

(₹ in lakhs)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	4,297.75	4,297.75
(b) Reserves and surplus	2	(4,159.61)	(3,046.81)
Non-current liabilities			
(a) Long-term borrowings	3	11,315.71	15,080.12
(b) Other Long term liabilities	4	-	200.00
(c) Long-term provisions	5	337.38	482.82
Current liabilities			
(a) Trade payables			
- Total outstanding dues of micro enterprise and small enterprise		-	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise		202.31	1,360.52
(b) Other current liabilities	6	5,377.63	4,529.24
(c) Short-term provisions	7	101.98	118.65
TOTAL		17,473.14	23,022.30
ASSETS			
Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		2,962.98	3,938.53
(ii) Intangible assets		28.89	43.57
(b) Non-current investments	9	43.57	42.74
(c) Deferred tax assets (net)	10	1,811.08	2,026.08
(d) Long-term loans and advances	11	10,600.89	10,887.38
Current assets			
(a) Inventories	12	755.18	1,770.95
(b) Trade receivables	13	485.74	1,767.32
(c) Cash and cash equivalents	14	268.37	1,128.93
(d) Short-term loans and advances	15	61.00	74.96
(e) Other current assets	16	455.43	1,341.82
TOTAL		17,473.14	23,022.30

Significant accounting policies Part-A and notes 1 to 35 form an integral part of the financial statements

As per our report of even date

For PIPARA & CO LLP

CHARTERED ACCOUNTANTS

(Firm Reg. No. 107929W)

NAMAN PIPARA

PARTNER

Membership No. 140234

Place : Ahmedabad

Date : 30th May, 2017**For and on behalf of the Board****A. K. SOMANY**

Managing Director

SHRIKANT BHAT

Executive Director

M. B. PARAKH

Chief Financial Officer

A. K. MISHRA

Company Secretary

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)			
Particulars	Note	2016-17	2015-16
I. Revenue from operations (Gross)	17	12,733.33	17,024.16
Less: Excise Duty		(1.41)	(0.48)
		12,731.92	17,023.68
II. Other income	18	163.10	157.13
III. Total Revenue (I + II)		12,895.01	17,180.81
IV. Expenses:			
Cost of materials consumed	19	4,674.28	7,137.28
Changes in inventories of finished goods and work-in-progress	20	847.80	1,236.87
Employee benefits expense	21	1,727.52	1,905.99
Finance costs	22	1,794.26	2,258.98
Depreciation	8	407.63	679.38
Other expenses	23	4,854.82	6,341.32
Total expenses		14,306.32	19,559.82
V. Profit/(Loss) before Exceptional Item and Tax		(1,411.31)	(2,379.01)
VI. Prior Period Items - (Expense)/Income	24	10.80	-
VII. Exceptional items	25	(217.23)	593.47
VIII. Profit/(Loss) before extraordinary items and tax		(1,617.73)	(1,785.54)
IX. Extraordinary Items		713.24	-
X. Profit/(Loss) before tax		(904.49)	(1,785.54)
XI. Tax expense:			
Deferred tax		(215.00)	369.00
Tax in respect of earlier years		5.86	(6.12)
XII. Profit/(Loss) after tax before share in profit of associates		(1,113.63)	(1,422.66)
Add: Share in profit of Associates		0.83	0.82
XIII. Profit/(Loss) for the year		(1,112.80)	(1,421.84)
XIV. Earnings per equity share:			
(1) Basic	26	(3.37)	(4.31)
(2) Diluted	26	(3.37)	(4.31)

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

NAMAN PIPARA
 PARTNER
 Membership No. 140234
 Place : Ahmedabad
 Date : 30th May, 2017

For and on behalf of the Board

A. K. SOMANY Managing Director
SHRIKANT BHAT Executive Director
M. B. PARAKH Chief Financial Officer
A. K. MISHRA Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

(₹ in lakhs)

Particulars	2016-17	2015-16
A Cash flow from operating activities		
Profit/(Loss) before prior period items/exceptional items/extraordinary items & tax	(1,411.31)	(2,379.01)
Adjustment for:		
- Depreciation	407.63	679.38
- Profit on Sale of Current Investments	(0.74)	-
- (Profit) / loss on sale of fixed assets (net)	38.88	(3.26)
- Interest (Net)	1,794.26	2,258.98
- Dividend received	(3.21)	-
	2,236.83	2,935.10
Operating profit/(Loss) before working capital changes	825.52	556.09
Adjustment for :		
- Trade receivables	1,281.56	166.61
- Other receivables	1,187.96	(955.97)
- Inventories	1,015.78	1,524.22
- Trade payables	(1,002.42)	(316.46)
	2,482.88	418.40
Cash generated from operations	3,308.40	974.49
- Direct Taxes paid	5.86	(6.12)
	5.86	(6.12)
Cash flow before prior period items, exceptional items & extraordinary items	3,314.26	968.38
- Prior period items	10.80	-
- Extraordinary items	713.24	-
- Exceptional items	(217.23)	593.47
Net Cash flow from operating activities	3,821.08	1,561.84
B Cash flow from investing activities :		
- Purchase of fixed assets	(81.82)	(74.70)
- Sale of fixed assets	625.52	275.53
- increase/decrease in investments	(0.83)	(0.82)
- Net off Sales & Purchase of Current investments	0.74	-
- Share of profit from Associates	0.83	0.82
- Dividend received	3.21	-
- Interest received	64.95	25.32
Net cash from investing activities	612.60	226.16
C Cash flow from financing activities :		
- Total proceeds from borrowings (net of repayments)	(3,656.03)	(493.53)
- Interest paid	(876.29)	(211.01)
- Trade Deposits	(200.00)	-
- Unsecured loan from promoters	(561.91)	(70.00)
Net cash from financing activities	(5,294.23)	(774.54)
Net increase in cash and cash equivalents (A+B+C)	(860.55)	1,013.46
Cash and cash equivalent as on 01.04.2016 (opening balance)	1,128.93	115.46
Cash and cash equivalent as on 31.03.2017 (closing balance)	268.37	1,128.93

As per our report of even date

For PIPARA & CO LLP

CHARTERED ACCOUNTANTS

(Firm Reg. No. 107929W)

NAMAN PIPARA

PARTNER

Membership No. 140234

Place : Ahmedabad

Date : 30th May, 2017**For and on behalf of the Board****A. K. SOMANY** Managing Director**SHRIKANT BHAT** Executive Director**M. B. PARAKH** Chief Financial Officer**A. K. MISHRA** Company Secretary

ANNUAL REPORT 2016-17

Summary of significant accounting policies followed by the company

The consolidated financial statements includes results of the associates of Soma Textile & Industries Limited, consolidated in accordance with Accounting Standards 23 'Accounting for Investment in Associates in Consolidated Financial Statements'.

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

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

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention, on the accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). The consolidated financial statements has been prepared and presented as per requirement of Schedule III as notified under Companies Act, 2013.

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

Accordingly:

- 1] The company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.
- 2] The accounting policies of the parent also broadly represent the accounting policies of the consolidated entity and hence are best viewed in its independent financial statements.
- 3] Note Nos. 1,3,4,5,6,7,8,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35 represent the numbers and required disclosures of the parent and accordingly are best viewed in independent financial statements.

**Notes on Consolidated Financial Statements for the Year ended 31st March, 2017****2 Reserve and Surplus****(₹ in lakhs)**

	As at 31st March, 2017	As at 31st March, 2016
a. Capital Reserves		
As per last Balance Sheet	77.57	77.57
b. Securities Premium Account		
As per last Balance Sheet	8,713.65	8,713.65
c. General Reserve		
As per last Balance Sheet	18.58	18.58
d. Surplus		
As per last Balance Sheet	(11,856.61)	(10,434.77)
Profit/(Loss) for the period	(1,112.80)	(1,421.84)
Closing Balance	(12,969.41)	(11,856.61)
Total	(4,159.61)	(3,046.81)

9 Non-current investment (Unquoted)**(₹ in lakhs)**

	As at 31st March, 2017	As at 31st March, 2016
Other Investments		
Investment in Equity instruments		
300 Equity Share of AED 1000 each of Soma Textile FZC.	16.90	16.07
Goodwill Recognized at the time of investment	26.67	26.67
Other non-current investments (5 Shares of Rs. 100/- each in Poonam Apt. Association)	0.01	0.01
Total	43.58	42.74

Additional notes to the Consolidated Financial Statement:

Particulars	SOMA TEXTILE FZC (Audited) Associates
No. of Equity Share	300
Cost of Investment(Rs.)	34.21
Percentage Holding	40.00%
Our share of Net Assets(Rs.)	25.36
Our share of profit/(Loss) for the year(Rs.)	0.83

Operation of Foreign Associate has been considered as non integral and the same has been converted as per AS-11.

ANNUAL REPORT 2016-17

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]

79th Annual General Meeting - 25th August, 2017

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: _____ Or falling him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 79th Annual General Meeting of the Company, to be held on Friday, 25th August, 2017 at 12-00 NOON (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 79TH ANNUAL GENERAL MEETING

Sr. No. : _____
Registered Folio No./DP ID No./Client ID No. : _____
Name of sole/first named Member : _____
Address : _____

Dear Shareholders,

Subject: Voting through electronic means

I/We hereby record my/our presence at the 79th Annual General Meeting of the Company at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Friday, 25th August, 2017 at 12-00 NOON (IST).

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

Member's/Proxy's name in Block Letters

Member's/Proxy's signature



Resolution Number	Resolution	Vote (Optional see Note) (Please mention number of shares)		
		For	Against	Abstain
	Ordinary Business			
1	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 st March, 2017 (both Standalone and Consolidated Basis) together with the Reports of the Auditors and the Board of Directors thereon.			
2	To appoint a Director in place of Shri S. K. Somany (DIN: 00001131), who retires by rotation and being eligible, offers himself for re-appointment.			
3	To appoint the Auditors in place of the existing Auditors (who are not eligible to be re-appointed due to expiry of the maximum permissible tenure as the Auditors of the Company) and to fix their remuneration.			
	Special Business			
4	To ratify the remuneration of the Cost Auditors for the financial year ending 31 st March, 2018.			

Signed this _____ day of _____ 2017

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 79th 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 2016-17 and Notice of the 79th 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 2016-17 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.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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