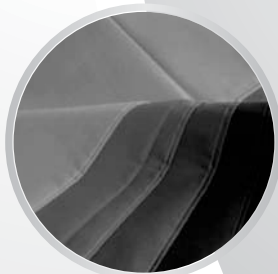




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GLOBALLY



SOMA TEXTILES & INDUSTRIES LIMITED



**75th ANNUAL REPORT
2012-2013**





75th Annual Report 2012-2013

BOARD OF DIRECTORS

Shri S. K. Somany	(Chairman)
Shri A. K. Somany	(Managing Director)
Shri Shrikant Bhat	(Executive Director)
Shri B. L. Dhoot	
Shri B. K. Hurkat	
Shri Anoop Sharma	(Nominee Director - IDBI Bank Limited)

COMPANY SECRETARY

Shri R. S. Sharma

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Ph. No. : 033-22487406/07

WORKS

- 1) Rakhial Road, Ahmedabad - 380 023
- 2) Plot No. D-49, MIDC, Baramati - 413 133,
Dist. Pune, Maharashtra

REGISTRAR & TRANSFER AGENT

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

Branch office at :

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

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NOTICE OF THE 75th ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Fifth (75th) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on, Monday, the 9th day of September, 2013 at 2:30 P.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. K. Somany, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

4. Amendment to Capital Clause in Articles of Association of the Company

As a Special Resolution

"RESOLVED THAT pursuant to provisions of Article 48 and Article 54 of the Articles of Association of the Company, read with Section 94 and other applicable provisions, if any of the Companies Act, 1956, the Authorised Share Capital of the Company, which is, at present, ₹ 500,000,000/- (Rupees Fifty Crores Only) divided in to 50,000,000 (Five Crores) Equity Shares of ₹ 10/- each be and is hereby reclassified and restructured by cancellation and conversion of 10,000,000 (One Crore) Equity Shares of ₹ 10/- each, amounting to ₹ 100,000,000/- (Rupees Ten Crores Only) out of the unissued and unallotted Equity Shares of the Company, forming part of the existing Authorised Share Capital of the Company and simultaneously creating, in lieu thereof 1,000,000 (Ten lacs) 0.01%-Cumulative Redeemable Non-convertible Preference Shares of ₹ 100/- each amounting to ₹ 100,000,000/- (Rupees Ten Crores Only), in the Authorised Share Capital of the Company and consequently the existing clause no. 5 relating to Share Capital in the Memorandum of Association, do stand altered accordingly and the same be amended suitably.

RESOLVED FURTHER THAT pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 read with Article 48 of the Articles of Association of the Company, the existing Capital Clause 5 of the Memorandum of Association of the Company be and is hereby altered/amended by deleting the same and substituting in its place and stead thereof the following as new Capital Clause 5:

5. "The Authorised Share Capital of the Company is ₹ 500,000,000/- (Rupees Fifty Crores Only), divided into 40,000,000 (Four Crores) Equity Share of ₹ 10/- each amounting to ₹ 400,000,000/- (Rupees Forty Crores Only) and 1,000,000 (Ten Lacs) 0.01% Cumulative Redeemable Non-convertible Preference Shares of ₹ 100/- each amounting to ₹ 100,000,000/- (Rupees Ten Crores Only), with power to increase or reduce the Capital of the Company and to divide the Shares in the Capital for the time being in to several classes and to attach thereto respectively any Preferential, deferred, qualified or special rights privileges conditions and restrictions thereto, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privilege conditions or restrictions in such manner as may be for the time being permitted by the Articles of Association of the Company and the legislative provisions for the time being in force in that behalf."

RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorised to take all such steps and actions as may be considered necessary or expedient for giving effect to this resolution and to settle any questions that may arise in this regard."

5. Issue of Cumulative Redeemable Non-Convertible Preference Shares to the Promoters' and/or Promoters Group Companies on Preferential/Private Placement Basis

As a Special Resolution

"RESOLVED THAT in supersession of the earlier resolution adopted by the Shareholders of the Company at an Extra-Ordinary General Meeting held on 7th December, 2009 for issuance of Equity Share of ₹ 10/- each on Rights basis upto ₹ 10 Crores and in lieu thereof, pursuant to Sections 80, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the relevant provisions of the Memorandum and the Articles of Association of the Company, the Rules/Regulations/Guidelines/Notifications/Circulars, if any, prescribed by the Securities and Exchange Board of India (SEBI) and/or any other Regulatory Authority, the Listing Agreement entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors



of the Company, which unless specifically stated, would include a Committee constituted/to be constituted by the Board of Directors to exercise its powers conferred by this Resolution and the powers conferred by the Board of Directors from time to time (hereinafter referred to as 'the Board') the consent of the Company be and is hereby accorded to the Board to offer/issue and allot, 0.01% Cumulative Redeemable Non-Convertible Preference Shares (hereinafter referred to as "Preference Shares") of the face value of ₹ 100/- (Rupees One Hundred Only) each for an amount not exceeding ₹ 97,500,000/- (Rupees Nine Crores Seventy Five Lacs Only), in one or more tranches subscribed / to be subscribed in Rupees by the promoters and/or promoters' group companies, whether or not they are shareholders of the Company, as the Board may at its absolute discretion think fit, on such terms and conditions including amount of premium on Redemption, if any, redemption period, manner of redemption and matter incidental thereto as may be decided by the Board in the best interest of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds of issue and the Board be and is hereby authorised further to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notifications, rules and regulations, to the extent applicable, as SEBI or any other Regulatory Authority may prescribe from time to time and to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to make and accept any modification in the proposal as may be considered necessary or as may be required by the relevant authorities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate or sub-delegate all or any of the powers or authorities herein conferred upon, as it may in absolute discretion deem fit to the Chairman/Managing Director/any Director(s)/officer(s)/authorised representative(s) of the Company to give effect to the aforesaid resolution."

6. Re-appointment of Shri A. K. Somany, as Managing Director of the Company

As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and rules made thereunder and any amendments thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, if required, and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities while granting such approvals, permissions and sanctions and as are agreed to by the Board of Directors (hereinafter referred to as 'the Board' which terms shall include any committee constituted/to be constituted by the Board and any person authorized by the Board in this behalf) and acceptable to Shri Somany, the consent of the Company be and is hereby accorded to the re-appointment of Shri A. K. Somany (Shri Somany), as Managing Director of the Company, who shall not be subject to retirement by rotation in terms of Section 255 read with other relevant provisions including Section 257 of the Companies Act, 1956 for a period of 3 (Three) years with effect from 22nd January, 2014 to 21st January, 2017, on such remuneration by way of salary, commission, perquisites, allowances and/or benefit(s), within and up to the maximum limit as have been determined, fixed and approved by the Board subject to overall limit, stipulated in Sections 198 and 309 of the Companies Act, 1956 and subject further to obtaining Members' approval by virtue of this Special Resolution, proposed to be passed at this meeting and on such other terms, conditions and stipulations (including remuneration) as contained in the "Draft Agreement" to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART, and duly specified in the Explanatory Statement, annexed to the Notice of 75th Annual General Meeting of the Company ("AGM Notice"), which forms the part of this resolution and Draft of the AGREEMENT, as placed before this meeting and initialed by the Chairman of the Company for the purpose of identification, is hereby specifically approved and sanctioned."

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

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

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

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“RESOLVED FURTHER THAT notwithstanding anything contained hereinabove where in any Financial Year during the term of employment of Shri Somany, the Company has no profits or its profits are inadequate, the Company do pay to Shri Somany, the existing remuneration or the revised remuneration, as may be approved by the Board, as a “Minimum Remuneration” per month by way of salary, perquisites, allowances and/or benefits, as specified in the ‘Draft Agreement’ and also in the Explanatory Statement annexed to the AGM Notice, subject to and within the maximum ceiling limits laid down under para 1 of Section II of Part II of Schedule XIII to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder unless otherwise prior approval of the Central Government is obtained if and to the extent necessary.”

“RESOLVED FURTHER THAT in the event Central Government approval is sought for, the remuneration payable to Shri Somany, as set out in ‘Draft Agreement’ and also in the Explanatory Statement annexed to the Notice of 75th AGM and referred to hereinabove will be subject to such modifications/amendments/changes as the Central Government may suggest or require or direct and which the Board of Directors/Remuneration Committee is authorised to accept on behalf of the Company and as may be acceptable to Shri Somany.”

“RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule XIII to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, commission, perquisites, allowances and/or benefits, to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule XIII to the said Act and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, without any further reference to the Members of the Company in General Meeting.”

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

7. Commission to Directors of the Company in the event of profits (other than the Managing and Whole-time Directors)

As a Special Resolution:

“RESOLVED THAT in accordance with and subject to the provision of Section 309(4) read with Section 309(7) of the Companies Act, 1956 the Company do hereby authorise the payment to the Directors of the Company (other than the Managing and Whole-time Directors, if any) of a commission (to be divided amongst them, in such amounts or in proportions and in such manner as may be determined by the Board of Directors of the Company from time to time and in default of such determination equally) of 1% (one percent) per annum of the net profits of the Company, to be computed in the manner prescribed in Sub-section (1) of Section 198, referred to in Sub-section (5) of Section 309 of the Companies Act, 1956 in any Financial Year of the Company, for a further period of 5 years, commencing from 1st April, 2013 and upto 31st March, 2018.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution.”

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Dated : 29th July, 2013

By Order of the Board

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

Notes :

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS/HER PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF. 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.**
2. Corporate Members/Trust/Society intending to send their authorised representatives for attending the Annual General Meeting are requested to send a duly certified copy of the Board/Managing Committee Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
3. In case of Joint Holders attending the Meeting only such Joint Holder who is higher in names will be entitled to vote.



4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 2nd September, 2013 to Monday, the 9th September, 2013 (both days inclusive).
5. Members are requested to notify change in their address, if any, quoting their folio number to the Company and/or Sharepro Services (India) Private Limited, the Registrar & Transfer Agents (RTA) of the Company.
6. Members/Proxies are requested to bring their copies of the Annual Report to the Meeting.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and the Rules made thereunder, all unclaimed or unpaid dividends declared upto and including the financial year ended 31st March, 1995 have already been transferred to the General Revenue Account of the Central Government as required by the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those Shareholders, who have, so far, not claimed or collected the dividends up to the aforesaid Financial Years, may claim their dividend from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata – 700 020 by submitting to them an application in Form II, prescribed under the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
8. Pursuant to the provisions of Section 205A(5) read with Section 205C of the Companies Act, 1956 as amended the Company has transferred all the unpaid and/or unclaimed dividends up to the Financial Year ended 31st March, 1998 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.
Shareholders may note that no claim shall lie against the Company or the said Fund in respect of any individual amounts which were unclaimed and unpaid for a period of 7 (seven) years from the date(s), they first became due for payment, once transferred to the said fund and no payment shall be made in respect of any such claim.
9. Members holding Shares in physical form appoint a nominee by filing Form 2B (in duplicate) prescribed by the Companies Act, 1956 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).
10. Members who hold shares in physical form in multiple folios in identical order of names or joint accounts in the same order and names, are requested to send details of such folios together with Share Certificates to the Company's Registrar & Share Transfer Agents for consolidation into a single folio.
11. Members who wish to obtain any information, on the Company or its Accounts and operation may send their queries to the Company at least 10 days before the Meeting so as to enable the management to keep the information ready at the Meeting.
12. 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.

IMPORTANT COMMUNICATION TO MEMBERS

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

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment and the Director proposed to be re-appointed as the Managing Director of the Company at the 75th Annual General Meeting of the Company, as required under Clause 49(IV)(G) of the Listing Agreement:

Shri S. K. Somany, aged about 82 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 Remuneration Committee and Audit Committee of the Company, constituted in line with requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement on Corporate Governance. He is also Chairman of Share Transfer Committee & Shareholders'/Investors' Grievance Committee of the Company. Shri S. K. Somany holds 3,068,274 constituting 9.29% of the Equity Share Capital of the Company. Shri Somany is holding directorship in (a) 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.

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He is Chairman of Somany Evergreen Knits Limited. Shri Somany is also the Chairman of the Audit Committee of Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited and a member of the Remuneration Committee of the said Company. He is member of Share Transfer Committee of Simplex Reality Limited and Nav Bharat Refrigeration & Industries Limited. Shri Somany retires from the Board by rotation at this meeting and being eligible, offers himself for re-appointment as Director of the Company.

Shri A. K. Somany is an industrialist and a part of existing promoters of the Company, aged about 57 years, is a science graduate (B.Sc.). He holds Membership of All India Management Association (MIMA). He is son of Shri S. K. Somany, Chairman of the Company. He has acquired working experience of more than 33 years in Textile and Ceramic Industry of which more than 25 years belong to Textile Industry as the Managing Director of the Company. He traveled around the world and accumulated a good understanding of Global business issues. He combines comprehensive mix of academic qualification and professional experience. He is currently the Managing Director of the Company and looks after the Management Control and affairs of the Company. Shri Somany is a member of Shareholders'/Investors' Grievance Committee and Share Transfer Committee of the Company. Shri Somany holds 8,54,848 Equity Shares, constituting 2.59% of the Equity Share Capital of the Company.

He is holding directorship in Pudumjee Industries Limited and KGPL Industries & Finvest Private Limited. He is past Chairman of the Ahmedabad Mills Owners' Association and has been a member of the Indian Cotton Mills' Federation and several other committees constituted by Government Boards.

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Date : 29th July, 2013

By Order of the Board

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

The Authorised Share Capital of the Company, presently stands at ₹ 500,000,000/- (Rupees Fifty Crores Only), divided into 50,000,000 (Five Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

The Issued, Subscribed and paid-up Capital of the Company is ₹ 332,274,680/- (Rupees Thirty Three Crore Twenty Two lac Seventy Four Thousand Six Hundred Eighty Only) (inclusive of forfeited amount of ₹ 1,944,680 on 385,300 Equity Shares of ₹ 10/- each) made up of ₹ 33,418,300 Equity Shares of ₹ 10/- each issued by the Company (inclusive of 385,300 forfeited shares)

The Company is planning to issue 0.01% Cumulative Redeemable Non-convertible Preference Shares, to the Promoters/Promoters' Group Companies, in terms of the approval received by the Company, by the Capital Debt Restructuring (CDR) Empowered Group, vide its Letter of Approval (LOA) No. BY.CDR/(SSA)/No.183/2013-14 dated 3rd June, 2013 issued by Capital Debt Restructuring (CDR) Cell repermitting the Company to issue 0.01% Cumulative Redeemable Non-convertible Preference Shares, as against their earlier approval for issuance of Equity Shares to the promoters by way of Preferential and/or Rights basis as may be decided by the Company, vide their letter no. BY.CDR/(PRM)/No.158/2011-2012 dated 23rd May, 2012.

As a consequence it has necessitated to alter the Capital Clause of Memorandum of Association of the Company by way of reclassification and restructuring, of its present authorized share capital, in the manner and to the extent, as stated in the Resolution.

Pursuant to the provisions of Section 94 and Section 16 of the Companies Act, 1956 reclassification and restructuring of authorised share capital and consequent amendments to or alteration of the capital clause of the Memorandum of Association respectively require consent of the shareholder in the General Meeting.

The Resolution set forth seeks approval from the Members of the Company.

The Board therefore commends passing of the resolution set out at item no. 4 of the accompanying Notice of 75th AGM for approval of the Members.

A copy of the Memorandum & Articles of Association of the Company is open for inspection during business hours in between 11:00 A.M. to 1:00 P.M. on any working day, excluding Public Holidays from the date of this notice, at the Registered Office of the Company, until the date of 75th Annual General Meeting (AGM). The same will also be available for inspection at the AGM.

None of the Directors of the Company, in any way, are concerned or interested in passing of this Resolution, except to the extent of Shareholdings held by them in the Company.

Item No. 5

As you are aware that at the request of Company, the Company's proposal envisaging restructuring of its Debts had been referred to the Corporate Debt Restructuring (CDR) Forum, a non Statutory Voluntary Mechanism set up under the aegis of Reserve Bank of India (RBI) for efficient restructuring of Corporate Debts. Pursuant thereto Capital Debt Restructuring Empowered Group (CDR EG) had approved, a restructuring package to the Company, vide its Letter of Approval (LOA) No.



BY CDR (AG) No. 1110/2008-2009 Dated 26th February, 2009 issued by CDR Cell to restructure the debts of lenders and also to avail of additional financial assistance in terms of the LOA with the stipulation to augment financial resources of ₹ 9.75 Crores for funding the cost of Corporate Debt Restructuring (CDR) Scheme, sanctioned by Corporate Debt Restructuring (CDR) Cell, under the CDR Mechanism through Preferential Issue of Equity Shares to the promoters of the Company, and thereafter CDR EG approved Rights Issue of Equity Shares instead of Preferential Issue of Equity Shares to the promoters on Preferential Allotment basis vide their Letter of Approval (LOA) No. BY.CDR/(SB)/No. 744/2009-10 dated 1st October, 2009 issued by CDR Cell.

The Company had accordingly, obtained the consent of the Shareholders, conferring authority on the Board of Directors for issuance of Equity Shares of ₹ 10/- each, to all the existing Equity Shares of the Company up to a sum of ₹ 100,000,000/- (Ten Crores Only), for cash at par on rights basis by a Special Resolution, passed u/s 81(1) of the Companies Act, 1956 at an Extra Ordinary General Meeting, held on 7th December, 2009.

Thereafter the Company received an approval from Capital Debt Restructuring Empowerd Group (CDR EG), allowing the Company to issue Equity Shares either on Rights issue to the shareholders or Preferential allotment, to the promoters and/or promoters' group companies, at the option of the Company, vide its approval no. BY.CDR(PRM) No.158/2011-12 dated 23rd May, 2012 subject to compliance with SEBI (SAST) Regulations, 2011.

On further review, at the request of the Company, CDR EG has finally approved Issue of 0.01% Cumulative Redeemable Non-convertible Preference Shares to the promoters and/or the promoters' group Companies as against the contribution brought in by the promoters for funding the cost of Corporate Debt Restructuring (CDR) Scheme, vide its Letter of Approval (LOA) No. BY.CDR/(SSA)/No.183/2013-14 dated 3rd June, 2013 issued by Corporate Debt Restructuring (CDR) Cell.

The Board of Directors have therefore proposed to offer 0.01% Cumulative Redeemable Non-convertible Preference Shares, to the promoters/promoters' group Companies, on the following terms and conditions including price, dividend, redemption period etc., for issue of proposed preference shares as have been decided by the Board of Directors at their meeting held on 29th July, 2013 which inter-alia includes :-

1. Size of the Issue : Not exceeding ₹ 9.75 Crores.
2. Nature of Issue : Cumulative Redeemable Non-convertible.
3. No. of Shares : 975,000.
4. Nominal Value : ₹ 100/- per share.
5. Issue Price : ₹ 100/- per share (at par).
6. Tenure : Not exceeding 20 years (with an option to redeem it earlier).
7. Coupon Rate : 0.01% per annum.
8. Premium on redemption, if any, at maturity : Nil.
9. Redemption Before Maturity : To be decided mutually between the Company and the Preference Shareholders at a Meeting of Preference Shareholders called for this purpose.
10. Purpose of the Issue : For funding the cost of Corporate Debt Restructuring (CDR) Scheme.
11. Listing at Stock Exchanges : The Proposed Preference Shares will not be Listed in the Stock Exchange(s).

It has been advised to the Company that Listing of such Preference Shares as per recently announced Securities & Exchange Board of India (SEBI's) (Issue and Listing of Redeemable Preference Shares) Regulations, 2013 effective from 12th June, 2013 is not mandatory but optional to the proposed issue. Hence the Board has decided not to list the proposed issue of above Preference Shares on the Stock Exchanges.

Section 81 of the Companies Act, 1956 provides inter-alia that where it is proposed to increase the subscribed share Capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who at the date of offer are holders of Equity Shares of the Company, in proportion, as nearly as circumstances admit to the Capital paid up on those shares as of that date unless the shareholders decide otherwise, in General Meeting by a Special Resolution. The Listing Agreement(s) executed by the Company with Stock Exchanges also provide(s) that the Company shall issue or offer in the first instance all securities to the Equity Shareholders of the Company unless the Shareholders decide otherwise in General Meeting by a Special Resolution.

The special Resolution seeks the consent of the Shareholders authorizing the Board to make the proposed 0.01% Cumulative Redeemable Non-convertible Preference Shares, for funding the cost of Capital Debt Restructuring (CDR) Scheme as stated above and to deal with any matter connected with the said Preferential Issue of Equity Shares to the promoters/promoters' group, on Preferential or Private Placement Basis, whether they are Members or not, in terms of the approval received from CDR EG, vide its Letter no. BY.CDR/(SSA)/No.183/2013-14 dated 3rd June, 2013 issued by Capital Debt Restructuring (CDR) Cell.

The Board of Directors, therefore recommends passing of the special Resolution set out at item no.5 of the Notice, convening the 75th Annual General Meeting (AGM) of the Company.

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The Memorandum and Articles of Association are available for inspection of any Member of the Company at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on any working day excluding public holidays from the date of Notice till the date of AGM, the same will also be available for inspection at the AGM.

The Directors of the Company may be deemed to be concerned or interested in this special resolution to the extent any Preference Share may be offered to and/or subscribed for by them directly or through any Company or body corporate of which they are directors or members. Save as aforesaid, none of the directors of the Company are, in anyway, concerned or interested in this resolution.

Item No. 6

The present tenure of Shri A. K. Somany (Shri Somany), as Managing Director of the Company, who is not subject to retirement by rotation, will expire by an efflux of time on 21st January, 2014.

The Board of Directors of the Company ("the Board") at its meeting held on 24th May, 2013 have re-appointed Shri Somany as Managing Director for a period of 3 (Three) years, effective from 22nd January, 2014 subject however to the approval of the shareholders in the ensuing 75th Annual General Meeting (AGM) and of the Central Government, if and to the extent necessary, the Financial Institutions, if required, who have granted financial assistance to the Company and subject further to such other approvals and/or sanctions, as may be required, on the terms and the remuneration permissible under Schedule XIII to the Act as embodied in the Agreement, to be entered into with Shri Somany. Shri Somany shall be a non-retiring Managing Director, who shall not be liable to retire by rotation, in terms of Section 257 of the Act, including other provisions of the Act.

The Board considers that his service will be useful to the Company and that it is in interest of the Company that he be re-appointed as 'Managing Director' of the Company. His appointment and remuneration so fixed by the Board upon recommendation of the Remuneration Committee are in accordance with Schedule XIII to the Companies Act, 1956 ("the Act") and subject to the approval of Members of the Company at the ensuing 75th AGM and subject further to the prior approval of the Central Govt., if and to the extent necessary.

The material terms and conditions of the Agreement to be entered into by Shri Somany with the Company for his re-appointment and remuneration payable to Shri Somany are as follows:

1) Period of Appointment:

3 (Three) years commencing from 22nd January, 2014.

2) Nature of Duties:

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

3) Remuneration

Shri A. K. Somany, Managing Director (hereinafter referred to as the appointee), shall be entitled to the following remuneration with effect from 22nd January, 2014 for the period of his office from 22nd January, 2014 to 21st January, 2017 or as may be determined and revised by the Board at its discretion from time to time within the maximum permissible limit.

A. Salary (Basic & D.A.)

At ₹ 216,000 per month, effective from 22nd January, 2014 with such increments and/or accelerated increments as may be decided by the Board of the Company, upon due recommendation of the Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites, allowances & benefits related to and depending upon the quantum of salary, within and up to a maximum of ₹ 7.50 lacs (Rupees Seven Lacs Fifty Thousands Only) per month or ₹ 90 lacs per annum and such other perquisites, allowances and benefits.

First Annual increment is due and effective from 1st April, 2014 and thereafter from 1st April, each year.

Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time subject to within and up to a maximum Salary of ₹ 7.50 Lacs per month or ₹ 90 Lacs per annum.

Such special allowances or such other allowances or additional salary will however not be eligible for retriial benefits such as provident fund, gratuity/ super annuation fund and other perquisites, allowances and benefits.

In addition to Salary, in the event of profits or adequate profits, appointee shall also be entitled to such remuneration by way of such percentage of Commission as may be decided by the Board on the recommendation of Remuneration Committee at its discretion from time to time or at the end of such Financial Year.

B. Commission



C. Perquisites

In addition to Salary and Commission the appointee shall be entitled to the following perquisites, subject however to a ceiling restricted to 100% of annual salary of appointee, unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

CATEGORY – A

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

Housing

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

Explanation:

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

Medical Reimbursement

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

Leave Travel Concession

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

Club Fees

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

Personal Accident Insurance

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

Other benefits and Allowances

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

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

Explanation:

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

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

CATEGORY – B

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

These above perquisites as specified in paragraph 2 of Section II of Part II of Schedule XIII to the Act shall not, however be included in the computation of the ceiling on the minimum remuneration specified under Para 1 of Section II of Part II of Schedule XIII to the Act.

CATEGORY – C

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

Provided the aggregate of salary, commission, perquisites, allowances and benefits as contemplated in Clauses (A), (B) and (C) under the Remuneration Clause 3 above shall not in any financial year exceed the overall ceiling stipulated in

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Sections 198, 309 and other applicable provisions of the Act read with the Schedule XIII of the Companies Act, 1956 ('the Act') (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director as calculated in accordance with Sections 198 and 309 of the Act).

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Managing Director and Executive Director(s) as calculated in accordance with Sections 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits under Sections 349 and 350 of the Companies Act, 1956 in any financial year(s) during the currency of tenure of office of appointee, the Company shall pay him in respect of such financial year(s) remuneration by way of consolidated salary, perquisites, allowances and benefits, as "Minimum Remuneration" as he may be the then time drawing as specified in Clauses (A) & (C) of the Remuneration Clause 3 above, subject to an overall limits laid down under Para 1 of Section II of the Part II of Schedule XIII to the Companies Act, 1956, as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits, as may be provided by the Central Government from time to time as to "Minimum Remuneration".

The perquisites specified under category 'B' of Remuneration Clause 3(C), above in terms of paragraph 2 of Section II of Part II of Schedule XIII to the Act, however shall not be included in the computation of the ceiling on the "Minimum Remuneration" specified under Para 1 of Section II of Part II of Schedule XIII to the Act.

Sitting Fee

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

Retirement by Rotation

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

Other Terms

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

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

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

Termination

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

Service of Notice

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

In compliance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, a Special Resolution as set out in item No. 6 of the accompanying Notice is now being placed before the Members for their approval.

The Board therefore recommends passing of the Resolutions set out in item No.6 of the accompanying Notice.

MEMORANDUM OF INTEREST

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

**INSPECTION OF DOCUMENTS**

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

ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT UNDER SECTION 302 OF THE COMPANIES ACT, 1956

The terms and conditions of re-appointment and remuneration payable to Shri Somany as Managing Director of the Company, as set out in the Draft Agreement and Explanatory Statement, duly annexed to the accompanying Notice should be treated as an "ABSTRACT" of the terms of his re-appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The information as required to be provided to the Shareholders of the Company in the Notice convening the Annual General Meeting of the Company under Section II of Part II of Schedule XIII to the Companies Act, 1956 is set out below :-

I. General Information :-

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

Year ending 31 st March	Sales	Operating Profit/(Loss)	Profit/(Loss) Before Tax	Net Profit/(Loss) After Tax
2009	15,707	(1,850)	(3,501)	(2,837)
2010	20,756	(296)	(1,951)	(1,868)
2011	27,833*	960*	(582)	(475)
2012	26,614	(64)	(787)	(746)
2013	32,271	1,182	95	(166)

*Revised and regrouped

- (4) Export Performance and net foreign exchange earnings :
Export revenue has increased to ₹ 3,613 Lacs in 2012-13 from ₹ 1,939 Lacs in 2011-12. (₹ in Lacs)

	2012-13	2011-12
Foreign Exchange earned	3,613	1,939
Foreign Exchange used	1,817	952

- (5) Foreign Investments or Collaborators, if any :
Holdings of FIIs/NRIs and other non-residents in the Company, is 20.31% (out of which 20% is held by Mavi Investment Fund Ltd.) as at 31st March, 2013. The Company has no foreign collaborator.

II. Information about the appointee :-

- (1) Background details : Shri A. K. Somany ("Shri Somany") is an Industrialist from Somany family and is actively looking after the affairs of the Company. He is the co-promoter and presently the Managing Director of the Company. Shri Somany, aged about 57 years is a Science Graduate (B.Sc.) and holds Membership of All India Management Association (MIMA). He has more than 33 years experience in Textile and Ceramic Industry, to his credit, of which more than 25 years in Textile Industry as the Managing Director of the Company, appointed since 22nd January, 1988. Shri Somany has taken several initiatives to focus on growth, value addition and cost effectiveness for growth of the Company. Shri Somany looks after the overall Management Control and affairs of the Company. Shri Somany has successfully and in a sustained way, contributed significantly towards improvement and growth of the Company.

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- (2) Past Remuneration : 2009-2010 : ₹ 1,764,000/-
2010-2011 : ₹ 1,764,000/-
2011-2012 : ₹ 2,436,000/-
2012-2013 : ₹ 2,839,200/-
-
- (3) Recognition or Awards : He is the past Chairman of Ahmedabad Mill Owners' Association and has been a member of The Indian Cotton Mills' Federation and several other committees constituted by Governmental Bodies.
-
- (4) Job profile and his suitability : To provide vision, guidance and direction for long term growth and overall management control and to formulate plans and strategy for continuance performance & growth of the Company. Shri A. K. Somany ("Shri Somany") is entrusted with the substantial power and authorities to manage the affairs of the Company. Shri Somany, the Managing Director, shall devote his whole-time and attention to the business and affairs of the Company and carryout such duties as may be entrusted to him from time to time by the Board of Directors of the Company ("the Board") and exercise such powers as assigned to him by the Board under the superintendence, control and direction of the Board in the best interest of the Company. The Board is of the opinion that Shri Somany possesses in depth understanding and knowledge of the Textiles Industry and leadership skills, he is therefore ideally suited for the job.
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- (5) Remuneration proposed : (a) Salary (Basic + DA) at ₹ 216,000/- per month within and up to a maximum of ₹ 750,000/- per month with authority to the Board to fix the salary and to consider an annual increment/accelerated increment at its discretion upto and within the said maximum amount of salary, upon due recommendation of the Remuneration Committee,
(b) In case of profits or adequate profits, such percentage of Commission as may be decided by the Board on the recommendation of Remuneration Committee at its discretion from time to time or at the end of such Financial Year,
(c) Perquisites, allowances and benefits as spelt out in the Explanatory Statement annexed to the Notice convening the 75th Annual General Meeting of the Company subject to a ceiling restricted to 100% of his annual salary (BASIC + D.A.) or as may be determined by the Board from time to time within the maximum limit for remuneration fixed by the Company provided the aggregate of salary, commission, perquisites, allowances & benefits, as contemplated under items (a), (b) & (c) above shall not exceed the overall limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act as may for the time being in force. (5% of the net profits in case of one Whole-time Director and 10% of the net profits for more than one Whole-time Director as calculated under Sections 198 and 309 of the Companies Act, 1956).
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- (6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person : Compared to the remuneration with respect to the Industry, Companies of similar size as that of the Company and persons holding similar position, the remuneration proposed to be paid to Shri Somany as the Managing Director is not adequate. Remuneration for a person of his caliber and position should generally be higher than what is being paid to him.
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- (7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any : Shri S. K. Somany, the Non-executive Chairman of the Company, is the father of Shri A. K. Somany (Shri Somany). Shri Somany holds 854,848 Equity Shares, constituting 2.59% of the paid up Equity Share Capital of the Company and belongs to promoters' group having control over the management of the Company. The Managing Director has no other pecuniary relationship directly or indirectly with the Company or with any of the managerial personnel of the Company, except to the extent of remuneration and other employment benefits being paid to him as Managing Director of the Company and the holdings in the Company held by him and his relatives and associates or held by the Company(ies), Firm(s) and Trust(s), in which he is interested as a director, member, partner and trustee and further to the extent of dividend, if any, declared and paid by the Company on their respective holdings and such other benefits arising out of such Shareholdings, as Managing Director.
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III. Other Information :-

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- (1) Reasons for loss or inadequate profits : Factors such as general economic slow down and consequent adverse market conditions, ever increasing input costs, high interest rates coupled with severe volatility in forex market and high debt burden, have severally affected the financial performance of the Company and resulted in incurring of Loss in the Company for the year 2007-2008 and onwards.
-
- (2) Steps taken or proposed to be taken for improvement : The Company had been granted, at the request of the Company, a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009 for restructuring the Company's existing financial assistance availed of from the Institutional Lenders and Working Capital Banks, and sanctioning additional financial assistance to the Company to ease out financial distress and constraints to some extent, the Company had been facing in view of continuous loss. The Company is taking series of Strategic and operational measures to increase productivity and margin of profits and has initiated certain steps such as better product mix cost control and borrowing at cheaper rates and improving efficiency. The Company would continue its endeavors to increase the revenues to improve its productivity and profits in the coming years.
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|---|--|
| (3) Expected increase in productivity and profits in measurable terms | Steps, as aforesaid, being taken by the Company, would increase the productivity of the Company. The Company continues to undertake constant measures for improvement in its productivity and profits. The Management expects reasonable growth in business, gross revenue and profit of the Company. However it is difficult to predict profits in the measurable terms, in the present business scenario for the coming years. |
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IV. Disclosures :-

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|--|--|
| (1) The Shareholders shall be informed of the remuneration package of the managerial person | : Yes, the Remuneration package has been fully disclosed under the explanatory statement, in regard special resolution at item no. 6 of the Notice relating to re-appointment of the Managing Director duly annexed to the Notice convening the 75 th AGM of the Company seeking members' approval, to the proposal for re-appointment of Shri Somany, as Managing Director of the Company. |
| (2) All elements of remuneration package such as salary benefits, bonuses, stock option, perquisites of all the Directors | : The Remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report for the year 2012-13. |
| (3) Details of fixed components and performance linked incentives along with performance criteria | : Service Contract is for a period of 3 (Three) years from 22 nd January, 2014 to 21 st January, 2017. Notice period is 6 (Six) months. No severance fee is payable on termination. |
| (4) Service contracts, notice period, severance fees etc | : The Company has not issued any stock options to any of its Directors or Managerial Personnel. |
| (5) Stock option details, if any and whether the same has been insured at a discount as well as the period over which accrued and over which exercisable | : The Company has not issued any stock options to any of its Directors or Managerial Personnel. |
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Item No. 7

The Company by a Special Resolution passed at its 70th Annual General Meeting held on Thursday, the 4th day of September 2008, was authorised by the Members of the Company to make payments to its Directors (other than the Managing and Whole-time Directors of the Company) of a commission of 1% (One percent) of the net profits of the Company for each of the Financial Year for a period of 5 (Five) years commencing from the 1st day of April, 2008 and ending on the 31st day of March, 2013.

In terms of the provision of Section 309(7) of the Companies Act, 1956 which provides that a Special Resolution passed under section 309(4) of the act shall not remain in force for more than 5 (Five) years at a Stretch, the previous resolution as stated to have passed hereinabove remained valid upto the end of Company's Financial Year ended on 31st March, 2013. Accordingly it is proposed to pass a fresh Resolution by way of Special Resolution for the purpose of continuity of payment in case of profits in the Company of such commission for each Financial Year in pursuance of Section 309(4) read with Section 309(7) of the Companies Act, 1956 for a further period of 5 (Five) years commencing from 1st day of April, 2013 and ending on the 31st day of March, 2018.

The Resolution set out in Item No.7 of the convening Notice is an enabling resolution intended for seeking member's approval and your Directors accordingly recommend the same.

All the Directors except Shri A. K. Somany and Shrikant Bhat, may deem to be interested or concerned in the said Resolution.

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Date : 29th July, 2013

By Order of the Board

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



SOMA TEXTILES & INDUSTRIES LIMITED

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

29th July, 2013

Sub: Green Initiative in Corporate Governance for Paperless Communication

To
The Shareholders

The Ministry of Corporate Affairs (MCA) had vide its Circulars Nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011, taken a "Green Initiative" in the Corporate Governance by allowing paperless compliances by the Companies for the service of the requisite documents such as notices of General Meetings, Audited Financial Statements, Auditor's Reports, Director's Reports to its Members through electronic mode in compliance with the provisions of Section 53 of the Companies Act, 1956. Our Company appreciates the initiative taken by MCA.

We therefore propose to send such documents henceforth to the Members in Electronic form. Accordingly, we are in the process of updating the database of the Company's Members, who are holding their shares in physical mode by incorporating their designated e-mail id in our records to enable the Company for sending Annual Reports and such other requisite documents for compliance with the provisions of Section 219 (1) of the Act and to ensure its legal validity. You are therefore requested to register your e-mail address(es) and changes therein from time to time by sending back the format given duly filled in and signed to our Registrar or Transfer Agent at the address mentioned below:

Sharepro Services (India) Pvt. Limited
Unit: **Soma Textiles & Industries Limited**
416/420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006.

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

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

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

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

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

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

Needless to mention, you are entitled as a Member of the Company, to be furnished with a copy of above referred documents as required under the provisions of the Companies Act, 1956 free of cost upon receipt of a requisition from you.

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

Assuring you of our best services.

Thanking you
For **Soma Textiles & Industries Limited**

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

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SOMA TEXTILES & INDUSTRIES LIMITED

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

EMAIL COMMUNICATION REGISTRATION FORM

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

Date: _____

Sharepro Services (India) Pvt. Limited

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

SUB: CONSENT CUM E-MAIL REGISTRATION FOR PAPERLESS COMMUNICATION

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

Name of Sole/1st Holder _____

Name of the Joint Holder _____

Folio No. _____ No. of Shares held. _____

DP Id No. _____ Certificate No.(s) _____

Client Id No. _____ Distinctive No.(s) _____

E-mail Id _____
(to be registered)

PAN _____

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

Thanking you
Yours faithfully

Signature of sole/1st holder (as in Company's records)

Name : _____

Present/Correspondence Address:

Permanent Address:

**DIRECTORS' REPORT**

To
The Members,
Your Directors have pleasure in presenting their 75th Annual Report of the Company, together with the audited accounts for the Financial Year ended 31st March, 2013.

1. FINANCIAL PERFORMANCE

During the Financial Year under review the business scenario for the Textile Industry was extremely challenging, even though your Company has reported a top-line growth of 21% over the previous year.

The revenue from operations for the year 2012-13 was ₹ 32,271 lacs as compared to ₹ 26,614 lacs in previous year. The loss before Prior period, Exceptional item and tax was ₹ 419 lacs against the previous year loss of ₹ 1,719 lacs. The net loss for the year was ₹ 166 lacs against the previous year net loss of ₹ 746 lacs.

2. DIVIDEND

The Board of Directors of your Company have not recommended any dividend on the paid up Equity Share Capital of the Company for the Financial Year under review considering the brought forward losses and loss during the year.

3. COTTON

India's cotton production in the current season is likely to be 340 lacs bales out of which expected exports will be about 81 lacs bales. Due to the muted international demand and surplus production of cotton in the current season, the industry is expecting that adequate cotton will be available for domestic consumption which will be resulting in stable and range bound cotton prices in the year 2013. However, price movement is much dependent on the future procurement policies of China.

4. EXPORT

Your Company's export performance in the year under review has improved from the last year mainly on account of denim fabric export. The FOB value of the exports during the Financial Year was ₹ 3,613 lacs against ₹ 1,939 lacs in the previous year.

5. PROSPECT

Indian economy grew by 5% in Financial Year 2013, reflecting lower than expected growth in both industry and service sectors. Inflation also was at elevated levels. However with commodity and crude oil prices on the decline from the peak and with various policy initiatives coming through, the economy is estimated to grow by around 6% in Financial Year 2014 with lower inflation.

Your Company's business performance was adversely impacted by the weak consumer sentiment resulting in lower discretionary spends and increase in input cost.

Indian textiles industry is one of the leading sectors of Indian economy and contributes significantly to the country's industrial output (14%), employment generation (35 million in direct and another 20 million, in indirect employment) and export earnings (17%). It contributes 4% to India's GDP.

Consumer demand remained sluggish across the textile and apparel value chain in Financial Year 2013 due to high inflation and interest rates resulting in long periods of extended end-of-season sales, pressure on margins, thus impacting profitability.

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The growing young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward.

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

The Baramati unit of the Company is continuously incurring loss due to shortage of labour and uncertainty in cotton price. The decision of the Company to dispose off the unit by signing Business Transfer Agreement will help to improve the profitability of the Company, as the loss is no more to be absorbed by our Ahmedabad unit.

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6. EXPANSION AND MODERNISATION

Your Company is under Denim Capacity expansion which will be completed in Financial Year 2013-14 resulting in increase of its Denim Manufacturing capacity from 14 mmpa to 23 mmpa.

7. RIGHTS ISSUE

The Company had approved rights issue of equity shares to meet the requirements of CDR sanction with regard to infusion of ₹ 9.75 crores as equity capital by promoters. However, considering the prevailing market conditions, regulatory constraints and the current market quotation of our company's shares besides the fact that the promoters have already brought in the required funds to meet the CDR stipulation, it has now been proposed to CDR Empowered Group (CDREG) for issue of Redeemable Preference Shares of an aggregate value of ₹ 9.75 crores to the promoters of the company instead of making rights issue to shareholders. The proposal is under the active consideration of CDR Empowered Group (CDREG) and awaiting their approval. This proposal will also save expenses for the company which it would have to otherwise incur for a rights issue.

8. SALE OF BARAMATI UNIT

The Company has signed the Business Transfer Agreement on 1st April, 2013 with Messrs GTN Engineering (India) Ltd., a Public Limited Company situated in Hyderabad, in the State of Andhra Pradesh, for sale of its Cotton spinning Unit at Baramati, in Pune, in the State of Maharashtra, on a Slump Sale basis at a Lump sum consideration of ₹ 29.80 crore. Out of this ₹ 24.75 crore will be utilized for payment of dues of lenders, ₹ 4.28 crores towards gap funding in modified capex and ₹ 0.77 crore towards legal fees, professional charges, gratuity and leave wages encashment. The sale of the said cotton spinning unit is subject to Company's obtaining permission/NOC, from:-

Permission/NOC from	Status
Corporate Debt Restructuring Empowered Group	Awaited
Shareholders' Approval u/s 293(1)(a) of the Co's Act, 1956	Received through Postal Ballot
Income Tax u/s 281(i)(ii) of the I.T. Act, 1961	Awaited
Lenders of the Company	Few lenders have given their approval & rest are awaited
Labour Union	Received

Company is pushing hard to get these permissions at the earliest so as to conclude the sale transaction.

9. CASH FLOW STATEMENT

The Cash Flow Statement, for the year ended 31st March, 2013 is annexed hereto forming part of the Annual Report, in compliance with Clause 32 of the Listing Agreement entered in to with the Stock Exchanges.

10. INSURANCE

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

11. INTERNAL CONTROL SYSTEMS

Your Company has a proper and adequate internal control procedure commensurate with its nature of business and the size of operations to ensure the timely and accurate recordings of financial transactions and adherence, to applicable Accounting Standards, optimum utilization & safety of assets, complying with applicable statutes and compliance with Corporate policy(ies). The Audit Committee periodically interacts with the Management, Internal Auditors and Statutory Auditors and tracks the implementation of corrective actions. The Audit Committee oversees the functions of internal auditor and reviews the audit plans, internal control and internal audit reports, submitted by the internal auditors, to examine and evaluate the adequate and effectiveness of the internal control system to further strengthen the internal control systems and procedures. Significant observations, emanating from the audit are acted upon. The Audit Committee of the Board of Directors comprises the majority of Independent Directors.

12. FIXED DEPOSITS

Your Company has not invited or accepted any Public Deposits under Section 58A of the Companies Act, 1956 during the year under report.



13. DIRECTORS

Shri S. K. Somany, Director retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company. The Board recommends his re-appointment.

None of the Directors are disqualified from being appointed or holding office as Directors as stipulated under Section 274(1)(g) of the Companies Act, 1956.

14. CORPORATE GOVERNANCE

Your Company has complied with the requirements relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The Reports of the Directors on 'Corporate Governance' and a certificate from the Auditors of the Company on Compliance of conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, is given as a Separate Section Titled "Corporate Governance Report", forming part of the Annual Report.

15. CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES 2009

The Voluntary Guidelines 2009 on Corporate Governance issued by the Ministry of Corporate Affairs, Government of India, for voluntary adoption of a set of good practices by the Corporate Sector in addition to the existing laws for further improvement of Corporate Standards and practices, is recommendatory in nature this Guidelines will be considered by the Management after the enactment of new Company Bill by the Government. The Management however, generally reviews the same from time to time to ensure the adherence of the same voluntarily in line with the requirements best suited to your Company gradually in phases.

16. MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with requirement of Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is attached to and forms integral part of this report.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors of the Company to the best of their knowledge and belief and on the basis of information and explanation obtained by them from the operating management, hereby state and confirm pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 in respect of Financial Year under review: –

- (i) that in the preparation of the annual accounts for the Financial Year ended 31st March, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, wherever, applicable;
- (ii) that the Company has selected such Accounting Policies and applied them consistently 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 at the end of the Financial Year as on 31st March, 2013 and of the loss of the Company for the year under review;
- (iii) that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the attached Annual Accounts for the Financial Year ended 31st March, 2013 have been prepared on a 'going concern' basis.

18. AUDITORS

M/s Pipara & Company, Chartered Accountants, (ICAI Firm Registration No.107929W), the Statutory Auditors of the Company retire at the conclusion of forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment for the Financial Year 2013-14.

Necessary certificate under Section 224(1B) of the Companies Act, 1956 from the retiring auditors has been received, confirming that their re-appointment, if made would be in accordance with Sub-Section (1B) of Section 224 of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

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Your Directors, on the recommendation of the Audit Committee, recommend the Members to consider their re-appointment for the financial year ending 31st March, 2014 at the remuneration to be decided by the Board of Directors of the Company.

19. AUDITORS' REPORT

The observations, in the Audit Reports, are dealt by way of notes to the accounts at appropriate places and notes being self explanatory need no further comments or explanations from the Board of Directors.

20. INDUSTRIAL RELATIONS

Overall industrial relations, during the year under report, were healthy and cordial.

21. COST AUDITORS

In compliance with the directives of the Central Government under the provisions of Section 233(B) of the Companies Act, 1956 the Board has appointed a firm of Cost Accountants, M/s. N. D. Birla & Co., as Cost Auditors of the Company to carry out Cost Audit of the Company for the Financial Year ending 31st March, 2014 subject to obtaining approval from Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi.

22. DEPOSITORY SYSTEMS

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

23. 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 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

24. ADDITIONAL INFORMATION

The Company is primarily engaged in the business of manufacturing and sale of Cotton Yarn, Polyester Blended Yarn, Denim (Indigo dyed) Fabrics, Shirtings and Garments.

The particulars required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, as amended from time to time regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure, which forms part of this Report.

25. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation towards all associates including Customers, Suppliers, Government Agencies, Financial Institutions, Bankers, Shareholders, Employees and others, who have reposed their confidence in the Company. Your Directors look forward to their continued support in future.

On behalf of the Board

Place : Ahmedabad
Date : 24th May, 2013

(S. K. SOMANY)
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT****Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988****A. CONSERVATION OF ENERGY**

- a) Energy Conservation measures taken:
- Replacement of 11 KV, 2000 KVA low efficiency and higher loss Gujarat make Transformer by high efficiency and lower loss Crompton make Transformer, resulted in saving of power.
 - Utilization of drains, hot water of Drying Range Cooling Cylinders of Monforts Finishing Machine resulting in a saving of large quantity of soft water as well as saving of steam.
 - Conversion from DC to AC Variable Frequency Drive in Hacoba Warping Machine resulted in saving of power as well as production gain due to lesser downtime.
 - Procurement of power through Open Access resulted in Saving of Power Cost, in turn results in lower I/P cost.
 - Carried out air audit of complete mill and installed PNLD's at air dryers resulted in saving of air by reduced losses.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- The Company continues to focus on its efforts for further improvement in energy saving in the coming years.
- c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- The above measures of energy conservation have resulted in savings of power & fuel during the year under review.
- d) Total energy consumption and energy consumption per unit of production:
- As per prescribe Form A

FORM-A**Form of disclosure with respect to Conservation of Energy****A. POWER & FUEL CONSUMPTION**

	Current Year	<u>Previous Year</u>
1. a. Purchased		
Unit (in thousands KWH)	50,588	38,909
Total Amount (₹ in lacs)	3,439.38	2,290.40
Rate/Unit (₹)	6.80	5.89
b. Own Generation		
- Through Diesel/FO Generator Unit (in thousands KWH)	—	—
- Unit per ltr. of Diesel	—	—
- Cost/Unit (₹)	—	—
- Through Steam Turbine/Generator	—	—
2. Coal-Lignite (Specify Quality & where used)		
Quantity (Tons)	14,934	14,988
Total Cost (₹ in lacs)	597.32	584.64
Average rate per ton (₹)	3,999.78	3,900.73
3. Furnace Oil		
Quantity (KL)	—	—
Total Cost (₹ in lacs)	—	—
Average rate per ltr. (₹)	—	—
4. Light Diesel Oil/High Speed Diesel		
Quantity (KL)	—	—
Total Cost (₹ in lacs)	—	—
Average rate per ltr. (₹)	—	—
5. CNG		
Quantity (SCM in thousands)	525	381
Total Cost (₹ in lacs)	238.78	138.67
Average rate per SCM (₹)	45.49	36.37
6. Others/Internal Generation	N.A.	N.A.

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B. CONSUMPTION PER UNIT OF PRODUCTION

Products

Standard

Cotton, man-made & blended Fabrics, Yarn, Jeans, Trousers & Shirts

There is no prescribed standard. It is not possible to work out such details from the records maintained by the Company in accordance with the Companies Act, 1956 in view of the different types of the products and varied processes.

FORM B

Disclosure of particulars with respect to technology absorption

A. RESEARCH & DEVELOPMENT (R&D)

Research and Development activities are conducted so as to meet customer requirements successfully. Product innovation and reengineering has become back bone of any and every professionally run organization. It acts as a tool for construction of sustainable business scenario.

1. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY

- ◆ Improved ring yarn slub patterns so as to service better class of market and customers.
- ◆ Fabric processing route optimization to enhance cost competitiveness of the product.
- ◆ Cotton lycra fabric finishing route optimization to stabilize product physical properties like shrinkage % and stretch %.
- ◆ Launched product capsule as a brand building initiative and product awareness drive.
- ◆ For creation of fashion forward products new initiatives on coating and tinting of the fabrics.

2. BENEFITS DERIVED AS A RESULT OF R&D

- ◆ We have registered impressive sales growth in exports of Denim Fabrics.
- ◆ We have enhanced installed capacity utilization of the Piece Dyed division.
- ◆ We have attuned trusted value supply chain partnership with A class retailers from India.

3. FUTURE PLAN OF ACTION

- ◆ To focus on niche segment of specialized fabrics.
- ◆ To attune operational excellence as the means to beef up bottom line of the business.
- ◆ Serious efforts on specialized coating and finishes for better penetration in to domestic as well as international market and escalate product price realization.
- ◆ To participate in some of the international fairs so as to showcase our product range and penetrate in to untapped markets.

4. EXPENDITURE INCURRED ON R&D

	2012-13	2011-12
a) Capital	—	—
b) Recurring	170.96	82.32
c) Total	170.96	82.32
d) Total R&D Expenditure as percentage of Revenue from Operations	0.53	0.30

(₹ in lacs)

B. TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

- ◆ Installed 2 No's SE 11, ACO 312 Autocoro for Denim.

C. FOREIGN EXCHANGE EARNING & OUTGO

Used ₹ 1,817 lacs (Previous Year ₹ 952 lacs), Earned ₹ 3,613 lacs (Previous Year ₹ 1,939 lacs)

On behalf of the Board

Place : Ahmedabad
Date : 24th May, 2013

(S. K. SOMANY)
Chairman



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

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from servicing the basic necessities of life, it also plays pivotal role through its contribution to industrial output, employment generation and foreign exchange earnings of the country. Currently it contributes to about 14% of Indian industrial production, 4% to the GDP and 17% to the total export earnings. It is the largest foreign exchange earner of the country. The industry has evolved from being part of small-scale sector to the status of supremacy it currently holds. It provides direct employment to over 35 million people and is the second largest employment provider after agriculture. It not only creates job opportunities but also opens up scope for the other ancillary sectors.

The Indian textile industry is extremely varied in nature covering hand-made cottage industry to capital intensive, sophisticated mill sector. The decentralized power looms, handlooms, hosiery and knitting sector forms the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture makes it unique in comparison with the textiles industry of other countries. This has enabled the industry to produce varieties of products meeting the requirements of different market segments both on local and global platform.

Opportunities

In last decade, India has efficiently attained the status of a reliable and cost competitive Denim producer on the global platform.

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

The company is already under Denim expansion program which will be completed in Financial Year 2013-14 resulting to increase its Denim Manufacturing capacity from 14 mmpa to 23 mmpa.

Besides this, Government of India has announced the new incentives and has continued with existing incentive for the Textile industry to boost revenues.

Challenges

The Textile sector is hampered by shortage of trained and specialized human capital. Besides this the high volatile raw material prices, foreign exchange fluctuation, higher interest cost, labour cost and power cost are some of the major challenges the textile industry is facing today.

2. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The company attaches significant value to its human capital. It follows effective policies and work practices so as to create conducive working environment. It has been consistently successful in retaining and nurturing talent even during lean periods by adopting proper and adequate measures aimed at enhancing employee satisfaction and welfare.

3. INFORMATION TECHNOLOGY

For strengthening of the existing infrastructure, IT department has taken steps in the areas of scalability, reliability, high availability, fault tolerance, security & resource virtualization. The need of the hour has been reduced capital expenditure while addressing organization's expansion, IT department has implemented thin client computing technology which has proved quite successful. To minimize hardware or software failures, IT department has implemented solutions which include redundancy for such matters. Many central management modules & server software were installed on same physical server hardware to fully utilize it for its maximum capacity without degrading performance.

4. CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

2. BOARD OF DIRECTORS

(a) Composition of the Board:

As on 31st March, 2013 the Company's Board of Directors comprised of a judicious mix of 6 (Six) Directors consisting of 4 (Four) Non-Executive Directors (including the Chairman who is Non-Executive Promoter Director) and 2 (Two) Executive Directors of whom one is Managing Director and the other one is Whole-time Director, of this 3 (Three) Directors are Independent constituting half of the Boards total strength of 6 (Six), which is in conformity with the stipulation laid on the code of Corporate Governance recommended by Securities & Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of Stock Exchanges in India, which stipulates for at least one-half of the Board of the Company should consist of independent directors, where the non-executive Chairman is a promoter or is related to promoters or persons occupying management positions at the board level or at one level below the board. The Company's Board is thus managed and guided by an appropriate mix of Executive and Non-Executive Directors, which ensures independent judgments in its deliberations and decisions. All the Non-Executive Directors are eminent persons armed with professional expertise and experience except Shri S. K. Somany, who is an Industrialist. The maximum gap between any two meetings of the Board was less than four months which is in conformity with the requirement of Clause 49 of the Listing Agreements entered into with the Stock Exchange(s) where the Company's Shares/Securities are listed. The Composition of the Board of Directors are as follows:-

Name of Director	Designation	Category of Directorship	No. of other Directorship held other than STIL (*)	No. of Membership/ Chairmanship on other Board Committees other than STIL (**)
Shri S. K. Somany	Chairman	Promoter Non-Executive Non Independent	5	4 (including 3 as Chairman)
Shri A. K. Somany	Managing Director	Promoter Executive Non Independent	1	Nil
Shri Shrikant Bhat	Executive Director	Executive Non Independent	1	Nil
Shri B. K. Hurkat	Director	Non-Executive Independent	Nil	Nil
Shri B. L. Dhoot	Director	Non-Executive Independent	Nil	Nil
Shri Anoop Sharma	Director (Nominee of IDBI)	Non-Executive Independent	Nil	Nil

(*) Exclude Directorship in Private Limited Companies, Memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

(**) Only the two committees viz. the Audit Committee and the Shareholders'/Investors' Grievance Committee have been considered for this purpose, in terms of Clause 49 of the Listing Agreement.

As per Clause 49 of the Listing Agreement, the Company declares that none of the Directors of Company are member of more than 10 Board level Committees nor are they Chairman of more than 5 Board Committees of which they are members across all Companies in which they are Directors as per the declarations received from them.



No Director is related to any other Director on the Board in terms of provisions of Companies Act, 1956, 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 2012-13, 4 (Four) Board Meetings were held on 24th May, 2012, 1st August, 2012, 25th October, 2012, and 12th February, 2013. The last, 74th Annual General Meeting held on 19th September, 2012. 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 Shrikant Bhat	4	No
Shri B. L. Dhoot	3	Yes
Shri B. K. Hurkat	4	No
Shri Anoop Sharma	4	No

(c) Details of shares and convertible instruments held by Non-Executive Directors as on 31st March, 2013 :

As on 31st March, 2013, Shri S. K. Somany and Shri B. K. Hurkat, Non-Executive Directors of the Company held shares of the Company as disclosed hereunder. The Company does not have any convertible instruments and Employees Stock Option under the Scheme as at 31st March, 2013.

Name of Non-Executive Director	No. of Shares held	% of total share capital
Shri S. K. Somany	30,68,274	9.288
Shri B. K. Hurkat	888	0.003

(d) Code of Conduct

The Board has adopted a Code of Conduct for its Board Members and Senior Management Personnel, and has posted it on the website of the Company in terms of Clause 49(D)(I) of the Listing Agreement. The Company has obtained the confirmation of the compliance with the Code from all its Board Members and Senior Management Personnel for the year under review. The Managing Director in terms of Clause 49(D)(II) affirms the compliance with the Code of Conduct by the Board Members and Senior Management for the year under review. The Code of Conduct is available on the Company's website www.somatextiles.com. A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

(e) Information about Directors Seeking Appointment/Re-appointment at the ensuing Annual General Meeting as required under Clause 49(IV)(G) of the Listing Agreement :-

Shri S. K. Somany (Shri Somany), Director of the Company retires by rotation at the ensuing 75th 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 75th Annual General Meeting of the Company to be held on Monday, the 9th September, 2013.

3. 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, 2013, the Company has 4 (Four) Board level Committees namely the Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee and the 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 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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

The role, powers and terms of reference of this Committee also covers the areas as contemplated under Section 292A of the Companies Act, 1956 and the Committee also complies with the relevant provisions of the Companies Act, 1956.

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a) Terms of reference

The terms of reference of this committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292(2A) of the Companies Act, 1956.

The gist of the terms of reference as stipulated by the Board to the Audit Committee is given hereunder:-

To oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, to recommend to the Board, the appointment or re-appointment of Statutory Auditors and fixation of the audit fee and approval of payment for any other services, to review and discuss with the auditors about adequacy and effectiveness of internal audit functions and internal control systems, scope of audit including observations of the auditors, major accounting policies & practices, adopting accounting standards and complying various requirement concerning financial statements, to review with the management Company's quarterly and annual financial statements before submission to the Board, to review with the management performance of statutory and internal auditors, to discuss with internal auditors on any significant findings and follow up thereon including reviewing the findings of internal investigation, if any, to discuss with statutory auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and to review any other areas which may be specified as a role of audit committee under amendments, if any, from time to time to the Listing Agreement, Companies Act, and other Statutes.

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

b) Composition

As on 31st March, 2013 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 majority of Non-Executive and Independent Directors is in conformity with requirements of Clause 49(II)(A) of the Listing Agreement. The Committee was chaired by Shri B. L. Dhoot, 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. Shri B. L. Dhoot was present at 74th Annual General Meeting of the Company held on 19th September, 2012 to attend and reply to the shareholders queries. Shri R. S. Sharma, Company Secretary acts as Secretary to the Committee.

c) Meetings

During the Financial Year 2012-13, 4 (Four) Audit Committee meetings were held on 24th May, 2012, 1st August, 2012, 25th October, 2012 and 12th February, 2013. The maximum gap between any two meetings was less than four months. The Minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

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

Name of the Member	Category of Directorship	Status	No. of Meetings attended
Shri B. L. Dhoot	Non-Executive Director – Independent	Chairman	3
Shri S. K. Somany	Non-Executive Director – Promoter	Member	4
Shri B. K. Hurkat	Non-Executive Director – Independent	Member	4
Shri Anoop Sharma	Non-Executive Director – Independent	Member	4

B) REMUNERATION COMMITTEE

The Board of Directors of the Company had, at its meeting held on 31st January, 2002, constituted the Remuneration Committee in conformity with and keeping a good balancing with the requirements under Schedule XIII to the Companies Act, 1956 and Clause 49 of the Listing Agreements to determine and review the remuneration package of Managing/Whole-time/Executive Directors and to deal with other matters related to Managerial Remuneration.

**a) Terms of reference**

Gist of terms of reference of the Remuneration Committee is as follows:-

- Review and recommend to the Board the remuneration of Managing/Whole-time/Executive directors, including periodic revision of remuneration.
- Review and recommend to the Board annual increments of Managing/Whole-time/Executive directors based on performance.
- Review and advise the Board over the remuneration policy followed by the Company generally.
- 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 Remuneration Committee.

b) Composition

As on 31st March 2013 the Remuneration Committee consisted of 4 (Four) Non-Executive Directors, three of whom, including the Chairman Shri B. K. Hurkat, Shri B. L. Dhoot and Shri Anoop Sharma were Independent Non-Executive Directors and Shri S. K. Somany, was the Non-Executive Chairman & Promotor Director of the Company. Shri R. S. Sharma, Company Secretary acts as Secretary to the Remuneration Committee. During the year under review the Committee met once on 24th May, 2012 to review and recommend annual increments to the Whole-time directors. All the members attended the said Meeting.

c) Remuneration Policy

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, 1956.

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

(Amount in ₹)

Name of Director	Basic Salary & Allowances	Perquisites	Contribution to Provident Fund	Sitting Fees	Total
Shri S. K. Somany	-	-	-	10,000	10,000
Shri A. K. Somany	2,580,000	-	259,200	-	2,839,200
Shri Shrikant Bhat	1,385,280	535,392	119,261	-	2,039,933
Shri B. K. Hurkat	-	-	-	10,000	10,000
Shri B. L. Dhoot	-	-	-	7,500	7,500
Shri Anoop Sharma	-	-	-	10,000	10,000

Besides the above, no other pecuniary relationship or transactions vis-a-vis the Company exists with the Non-Executive Directors. Shri A. K. Somany and Shri Shrikant Bhat, Executive Directors 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, 2011. 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, 2013. The service of Shri Shrikant Bhat may be terminated by giving 2 (Two) months notice or alternatively 2 (Two) months salary in lieu of such notice period. No stock option was issued to Shri Bhat.

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

C) SHAREHOLDERS' / INVESTORS' GRIEVANCE 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 Clause 49 of the Listing Agreement.

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The Company attaches highest importance to the Investor relations. The Board of Directors of the Company have constituted the Shareholders'/Investors' Grievance 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 Listing Agreement of the Stock Exchanges, which inter-alia include overseeing and reviewing all matters connected with investors' complaints and redressal mechanism as per applicable statutory and regulatory provisions.

The gist of terms of reference is as under:-

- Redressing complaints and grievances of shareholders 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 31st March, 2013 the Shareholders'/Investors' Grievance Committee comprised of 4 (Four) members, of this, 2 (Two) 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 24th May, 2012, 29th September, 2012, 31st December, 2012 and 30th March, 2013. 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	1
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	4
Shri B. K. Hurkat	Non-Executive Independent Director	Member	4
Shri B. L. Dhoot	Non-Executive Independent Director	Member	1

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

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

D) SHARE TRANSFER COMMITTEE

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

a) Terms of reference

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



Gist of terms of reference

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

b) Composition

As on 31st March, 2013 the Share Transfer Committee comprised of one Non-Executive Non-Independent Promoter Director as Chairman, Two Non-Executive Independent Directors and One Executive Non-Independent Promoter Director as members of the Committee. During the year, the Committee had 13 (Thirteen) 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	1
Shri A. K. Somany	Executive Non-Independent Promoter Director	Member	13
Shri B. K. Hurkat	Non-Executive Independent Director	Member	13
Shri B. L. Dhoot	Non-Executive Independent Director	Member	1

There were no valid share transfers pending for registration for more than 30 days as on 31st March, 2013.

4. SUBSIDIARY COMPANY

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

5. GENERAL BODY MEETINGS

(i) Details of last three Annual General Meetings held:-

Financial Year	AGM	Date	Time	Location
2011-12	74 th	19.09.2012	2-30 P.M.	Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, Kolkata - 700 001.
2010-11	73 rd	02.09.2011	2-30 P.M.	-same as above-
2009-10	72 nd	13.09.2010	2-00 P.M.	-same as above-

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

In the AGM held on	Subject matter of the resolution
19 th September, 2012	Re-appointment of Shri Shrikant Bhat as Whole-time Director designated as Executive Director for 3 (Three) years from 18 th January, 2013.
2 nd September, 2011	Fixation of maximum limit or ceiling for managerial remuneration payable to Managing Director and Executive Director and increase in their remuneration within the overall limits prescribed in Section 198 and Section 309 of the Companies Act, 1956 read with Schedule XIII of the Act.
13 th September, 2010	The appointment of Shri A. K. Somany as Managing Director for 3 (Three) years from 22 nd January, 2011.

No Special Resolution was passed through Postal Ballot during the financial year ended on 31st March, 2013 and no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM.

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6. 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, 2013.

(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) Compliance with Mandatory/Non-Mandatory requirements of Clause 49 of the Listing Agreement

All the mandatory requirement have been appropriately complied with. The Company has not adopted any non-mandatory requirements of Corporate Governance given in Annexure 1D of Clause 49 of the Listing Agreement except relating to Remuneration Committee.

(iv) Risk Management

The Company has laid down the 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.

(v) Whistle Blower Policy

The Company does not have any whistle blower policy as of now but no personnel is being denied any access to the Audit Committee.

(vi) 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.

7. MEANS OF COMMUNICATION

- | | |
|--|--|
| (i) Quarterly Results | Quarterly Results after being reviewed by the Audit Committee are considered and approved by the Board of Directors and submitted to the Stock Exchanges as per Listing Agreements. |
| (ii) Newspaper wherein results normally published | Business Standard (English), Kolkata and Kalantar & Newz Bangla (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) Management Discussion and Analysis Report | The Management Discussion and Analysis Report is a part of the Annual Report. |

8. GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting:

The 75th Annual General Meeting is proposed to be held on Monday, the 9th September, 2013 at 2.30 P.M. at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, Kolkata - 700 001.

(ii) Financial Year:

First Quarterly Results	2013-2014 (1st April to 31st March) Within 45 days of end of June quarter 2013
Second Quarterly Results	Within 45 days of end of September quarter 2013
Third Quarterly Results	Within 45 days of end of December quarter 2013
Audited Financial Results for the year ended 31.03.2014	Within 60 days of end of Financial Year March, 2014

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

Monday, the 2nd September, 2013 to Monday, the 9th September, 2013 (both days inclusive).

(iv) Dividend Payment Date:

No dividend has been declared by the Company for the Financial Year 2012-13.

(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 2013-14.

(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 (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	4.65	3.65	4.88	3.69
May 2012	4.90	3.65	5.30	3.70
June 2012	4.50	4.00	5.15	3.90
July 2012	4.45	3.55	4.40	3.50
August 2012	4.75	3.55	4.70	3.93
September 2012	5.30	3.90	5.28	4.15
October 2012	6.60	4.45	6.90	4.56
November 2012	5.60	4.75	5.60	4.76
December 2012	5.35	4.70	5.54	4.70
January 2013	5.30	4.00	5.28	4.00
February 2013	4.60	3.80	4.62	3.76
March 2013	4.25	2.80	4.45	3.06

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

Months	BSE		BSE Index	
	High (₹)	Low (₹)	High	Low
April 2012	4.88	3.69	17664.10	17010.16
May 2012	5.30	3.70	17432.33	15809.71
June 2012	5.15	3.90	17448.48	15748.98
July 2012	4.40	3.50	17631.19	16598.48
August 2012	4.70	3.93	17972.54	17026.97
September 2012	5.28	4.15	18869.94	17250.80
October 2012	6.90	4.56	19137.29	18393.42
November 2012	5.60	4.76	19372.70	18255.69
December 2012	5.54	4.70	19612.18	19149.03
January 2013	5.28	4.00	20203.66	19508.93
February 2013	4.62	3.76	19966.69	18793.97
March 2013	4.45	3.06	19754.66	18568.43

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

Sharepro Services (India) Pvt. Ltd.
Unit: Soma Textiles & Industries Limited
13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinaka, Andheri East, Mumbai-400 072
Phone No.: 022-67720300/67720400, Fax: 022-28591568 E-mail : sharepro@shareproservices.com

and/or

Branch office at:

Devnandan Mega Mall, Office No. 416-420, 4th Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad-380 006
Phone No. : 079 – 2682381/82/83/84, Fax : 079 - 2658385 E-mail : sharepro.ahmedabad@shareproservices.com

(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 30 days from the date of receipt, subject to transfer instruments being valid and complete in all respects. Physical Shares recorded for dematerialisation are processed and completed within the stipulated time if the documents are complete in all respects.

The Company obtains from a Company Secretary in practice half yearly certificates of Compliance with the Share transfer facilities as required under Clause 47(C) of the Listing Agreement with the Stock Exchanges and files a copy of certificate with the Stock Exchanges.

(xi) Secretarial Audit for Reconciliation of Share Capital:

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

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

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

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

(xiii) Distribution of shareholding:

(a) The shareholding distribution of equity shares as at 31st March, 2013 is given below:

No. of Equity Shares		Shareholders		Shareholding	
From	To	Number	% of total	Number	% of total
1	500	8,800	77.84	1,736,181	5.26
501	1000	1,152	10.19	1,009,504	3.06
1001	2000	569	5.04	926,187	2.80
2001	3000	250	2.21	654,242	1.98
3001	4000	103	0.91	372,372	1.13
4001	5000	104	0.92	499,958	1.51
5001	10000	181	1.60	1,368,574	4.14
10001	Above	146	1.29	26,465,982	80.12
Total		11305	100.00	33,033,000	100.00

**(b) Shareholding pattern as at 31st March, 2013**

Category	No. of shares held	% shares holding
Promoters	14,657,241	44.37%
Resident Individuals	8,883,876	26.89%
Private Corporate Bodies	2,772,713	8.39%
Financial Institution & Banks, Govt., Insurance Companies and Mutual Funds	12,344	0.04%
OCBs and NRIs	99,826	0.31%
Foreign Institutional Investors	6,607,000	20.00%
Total	33,033,000	100.00%

(xiv) Dematerialisation of Equity Shares

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

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

As on 31st March, 2013 the Company had no outstanding GDRs/ADRs/Warrants or any convertible instruments.

(xvi) Plant Locations

- (1) Rakhial Road, Ahmedabad – 380 023
- (2) Plot No. D-49, MIDC, Baramati, Pune – 413 102.

(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

DECLARATION OF CODE OF CONDUCT

To
The Members of
Soma Textiles & Industries Limited

Sub : Declaration by the Managing Director (CEO) under Clause 49(I)(D)(ii) of the Listing Agreement.

I, Arvind Kumar Somany, Managing Director of Soma Textiles & Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2013.

Place : Ahmedabad
Date : 25th April, 2013

(Arvind Kumar Somany)
Managing Director (CEO)

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

To the Members of,
Soma Textiles & Industries Ltd.

We have examined the compliance of conditions of corporate governance by M/s. Soma Textiles & Industries Ltd., for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

Place : Ahmedabad
Date : 24th May, 2013

GYAN PIPARA
(Partner)
Membership No.034289

INDEPENDENT AUDITOR'S REPORT

To the Members of

Soma Textiles & Industries Limited Report On Financial Statement

1. We have audited the accompanying financial statements of Soma Textiles & Industries Limited, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility For The Financial Statement

2. Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
 - (ii) In the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.
7. Without qualifying our opinion, we draw attention to Note No. 13, 13.1 and 13.2 regarding loan amount of ₹ 8,558.24 Lacs (Previous Year ₹ 8,021.18 Lacs) given to Soma Textile FZC (UAE) out of GDR proceeds, being classified as a long term loan which had been advanced by the Company as a quasi- equity. When the loan was given, the said Company was a wholly owned subsidiary, however, with effect from 31st March, 2010, the Company's holding has diluted from 100% to 40% (of the paid up Capital of Soma Textile FZC – UAE). Hence the said Company has become an associate of Soma Textiles & Industries Ltd. The loan amount is classified as Long Term under "Loans & Advances" (Note 13 of Financial Statements).

In the financial statements of Soma Textile FZC the accumulated loss reflects at AED 623,647 as against Total Capital of AED 900,000 (including Statutory Reserves); The said advance has been considered good by the management placing reliance on the Statutory Auditor's Report of Soma Textile FZC (UAE) dated 16th April, 2013. The Audit was conducted by an independent Auditor viz Business Management World Auditors & Business Consultants, Dubai, U.A.E. for the financial year ended 31st March, 2013.
8. The Company has signed Business Transfer Agreement on 01.04.2013 to dispose off the Baramati Unit, situated at D-49, M.I.D.C., Baramati on a slump sale basis as a going concern for a lumpsum consideration of ₹ 29.80 crores. The sale of the unit is governed by the terms & conditions laid down in Business Transfer Agreement, transaction will be given effect in books of accounts in the Financial Year 2013-14.

Report On Other Legal And Regulatory Requirements

9. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
10. As required by section 227(3) of the Act, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper reports adequate for the purposes of our audit have been received from the branch not audited by us. **The financial records of Baramati unit of the Company have been audited by M/S Shankarlal Jain & Associates, Chartered Accountants, Mumbai, (Firm Registration No. 109901W) a copy of whose report has been forwarded to us.** We have relied on that report and have appropriately dealt with the same in our report.



- (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts along with the audited report of the branch.
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss along with the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Pipara & Co.
Chartered Accountants
(Firm Registration No. 107929W)

Place : Ahmedabad
Date : 24th May, 2013

Gyan Pipara
Partner
Membership No. 034289

**Annexure referred to in paragraph 3 of our report of even date to the members of
SOMA TEXTILES & INDUSTRIES LIMITED on the accounts for the year ended on 31st March, 2013.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. In accordance with this programme, the management has verified fixed assets during the year and no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year and the "Going Concern" status of the Company is not affected.
- (ii) (a) The management conducts regular physical verification of inventory at reasonable intervals commensurate and adequate to the size of its operations.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Some immaterial discrepancies were noticed on physical verification which have been properly dealt with in the books of account.
- (iii) (a) The Company has granted interest free loan (quasi-equity) to its Associate, Soma Textile FZC. Total amount outstanding on 31st March, 2013 was ₹ 8,558.24 lacs.
- (b) There are no terms and conditions set out by the Company as on date for the loans given to Soma Textile FZC and therefore, we are unable to comment on terms and conditions of the said loan.
- (c) As there is no stipulation made for repayment of loan by Associate, we are unable to report on regularity of receipt of principal amount.
- (d) As there is no stipulation of repayment of loan by Associate, we are unable to report on overdue amount.
- (e) According to the information and explanations given to us the Company has taken unsecured loans from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and the same are as under.

	(₹ In lacs)
No. of Parties Involved	Two Parties
Opening Balance	500
Loan Taken	244
Balance Outstanding at the end of year	744

- (f) Interest free unsecured loan has been taken from promoters to fulfill stipulation of Financial Institution so there is no rate of interest specified. Terms and conditions of loans taken are prima facie not prejudicial to the interest of the Company;
- (g) No stipulation has been specified for the repayment of these loan.
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and service.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and as explained to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year. Therefore the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder or any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal do not apply to Company.
- (vii) In our opinion and according to information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) In our opinion, prima facie the Company has maintained proper cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. We have, however, not made a detailed examination of cost records with a view to determine whether they are accurate or complete.

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- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, we are of the opinion that the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. At the end of the year, there were no undisputed dues payable for a period of more than six months from the date they became payable.
- (b) **As on 31st March 2013, according to records of the Company, some statutory dues were disputed and not deposited as given below:**

Name of Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which it relates	Forum where dispute is pending
Central Excise Act, 1944	Recovery of CENVAT	1.59	2004-05	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.
Central Excise Act, 1944	Recovery of additional TTA duty of Yarn captively consumed	24.85	2002-03	The Dy. Commissioner of C. Excise, Div-III, Ahmedabad.
Central Excise Act, 1944	Refund claim for amount short received against refund claim of yarn duty after adjusting the old recovery	0.98	2005-06	Commissioner of Central Excise, (Appeals), Ahmedabad
Central Excise Act, 1944	Demand for old duty	0.50	2008-09	CESAT, West Zone, Ahmedabad
Central Excise Act, 1944	Recovery of transitional Cenvat	5.81	2012-13	CESAT, West Zone, Ahmedabad (Appeal)
The Income Tax Act-1961	Demand of Income Tax	9.77	A.Y. 2006-07	Asst. Commissioner of Income Tax, Cir.-8, Ahmedabad
The Income Tax Act-1961	Demand for Penalty U/s. 271(1)(C)	7.43	A.Y. 2008-09	Asst. Commissioner of Income Tax, Cir.-8, Ahmedabad
The Income Tax Act-1961	Demand of Income Tax	14.55	A.Y. 2007-08	Commissioner of Income Tax (Appeal), Ahmedabad
Gujarat Sales Tax Act-1969	Additional Sales Tax	6.17	1997-98, 1998-99 & 2000-01	Gujarat Value Added Tax Tribunal

- (x) The Company has accumulated losses at the end of the Financial Year. However such losses do not exceed 50% of its net worth.
- (xi) Company is under Corporate Debt Restructuring (CDR) package under scheme of RBI which was duly approved and implemented. Company has defaulted in repayment of Loans and interest as stated in Note No 4.3 which is mentioned under head "Long term borrowing".
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the order are not applicable to the Company.
- (xiii) The Company is not a chit fund / nidhi Company / mutual benefit fund or society which would be governed by any special statute. Accordingly this clause along with sub clauses does not apply.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly this clause does not apply.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly this clause does not apply.
- (xvi) In our opinion and according to the explanations given to us the term loans were applied only for the purpose for which they were obtained.
- (xvii) In our opinion and according to explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year and accordingly this clause does not apply.
- (xix) The Company has not issued debentures during the year. Accordingly this clause does not apply.
- (xx) The Company has not raised any money from public issue during the financial year. Accordingly this clause does not apply.
- (xxi) In our opinion and according to explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Pipara & Co.
Chartered Accountants
(Firm Registration No. 107929W)

Place : Ahmedabad
Date : 24th May, 2013

Gyan Pipara
Partner
Membership No. 034289

**BALANCE SHEET AS AT 31ST MARCH, 2013**

(₹ in lakhs)

Particulars	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	3,322.75	3,322.75
(b) Reserves and surplus	2	3,258.88	3,425.01
Share application money pending allotment	3	975.00	975.00
Non-current liabilities			
(a) Long-term borrowings	4	8,132.36	9,129.99
(b) Other long term liabilities	5	201.44	1.44
(c) Long-term provisions	6	429.51	351.86
Current liabilities			
(a) Short-term borrowings	7	10,071.95	8,886.40
(b) Trade payables		3,247.56	1,456.19
(c) Other current liabilities	8	2,912.96	2,747.86
(d) Short-term provisions	9	111.28	74.40
TOTAL		<u>32,663.69</u>	<u>30,370.90</u>
ASSETS			
Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		10,096.28	10,938.79
(ii) Intangible assets		88.02	3.36
(iii) Capital work-in-progress		212.82	157.53
(iv) Intangible assets under development		-	22.15
(b) Non-current investments	11	34.42	34.42
(c) Deferred tax assets (net)	12	133.08	376.08
(d) Long-term loans and advances	13	8,672.98	8,316.42
(e) Other non-current assets	14	137.94	129.76
Current assets			
(a) Inventories	15	7,068.72	6,328.64
(b) Trade receivables	16	4,811.20	3,002.37
(c) Cash and cash equivalents	17	285.64	190.28
(d) Short-term loans and advances	18	185.94	80.12
(e) Other current assets	19	936.65	790.98
TOTAL		<u>32,663.69</u>	<u>30,370.90</u>

Significant accounting policies and notes 1 to 37 form an integral part of the financial statements

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

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2013

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in lakhs)

Particulars	Note	2012-13	2011-12
I. Revenue from operations (Gross)	20	32,433.47	26,851.27
Less: Excise Duty		(162.18)	(237.35)
		32,271.29	26,613.92
II. Other income	21	687.24	623.02
III. Total Revenue (I + II)		32,958.53	27,236.94
IV. Expenses:			
Cost of materials consumed	22	19,388.87	16,202.75
Changes in inventories of finished goods and work-in-progress	23	(869.82)	438.09
Employee benefits expense	24	2,251.72	1,753.46
Finance costs	25	2,426.45	2,429.41
Depreciation	10	1,601.40	1,655.39
Other expenses	26	8,578.44	6,476.91
Total expenses		33,377.06	28,956.01
V. Profit/(Loss) before Prior period, Exceptional item and Tax		(418.53)	(1,719.07)
VI. Prior period items - (Expense)/Income	27	(10.55)	(28.10)
VII. Exceptional items - (Expense)/Income	28	524.05	960.30
VIII. Profit/(Loss) before tax		94.97	(786.87)
IX. Tax expense:			
Current tax MAT		(18.10)	-
Deferred tax		(243.00)	55.00
Tax in respect of earlier years		-	(14.22)
X. Profit/(Loss) for the period		(166.13)	(746.09)
XI. Earnings per equity share:			
(1) Basic	29	(0.50)	(2.26)
(2) Diluted	29	(0.50)	(2.26)

Significant accounting policies and Notes 1 to 37 form an integral part of the financial statements

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

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2013

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Pursuant to the listing agreement with Stock Exchanges)

(₹ in lakhs)

	2013	2012
A Cash flow from operating activities :		
Profit/(Loss) before prior period items/exceptional items & tax	(418.53)	(1,719.07)
Adjustment for :		
- Depreciation	1,601.40	1,655.39
- Profit on sale of fixed assets	(54.20)	(72.17)
- Interest (Net)	2,426.45	2,429.41
	<u>3,973.65</u>	<u>4,012.63</u>
Operating profit/(Loss) before working capital changes	3,555.12	2,293.56
Adjustment for :		
- Trade receivables	(1,812.43)	(98.71)
- Other receivables	(879.31)	(723.24)
- Inventories	(740.08)	834.48
- Trade payables	2,052.08	(1,834.65)
	<u>(1,379.73)</u>	<u>(1,822.13)</u>
Cash generated from operations	2,175.39	471.43
- Interest paid	(2,546.57)	(2,485.06)
- Direct Taxes paid	(18.10)	(14.22)
	<u>(2,564.67)</u>	<u>(2,499.28)</u>
Cash flow before prior period items/exceptional items	(389.28)	(2,027.85)
- Prior period items	(10.55)	(28.10)
- Exceptional items	524.05	960.30
Net Cash flow from operating activities	<u>124.22</u>	<u>(1,095.65)</u>
B Cash flow from investing activities :		
- Purchase of fixed assets	(928.45)	(769.06)
- Sale of fixed assets	105.99	389.38
- Interest received	112.43	57.33
Net cash from investing activities	<u>(710.03)</u>	<u>(322.35)</u>
C Cash flow from financing activities :		
- Total proceeds from borrowings (net of repayments)	152.29	1,294.03
- Trade Deposits	200.00	-
- Unsecured loan from promoters	244.00	145.00
Net cash from financing activities	<u>596.29</u>	<u>1,439.03</u>
Net increase in cash and cash equivalents (A+B+C)	<u>10.48</u>	<u>21.03</u>
Cash and cash equivalent as on 01.04.2012 (opening balance)	52.29	31.26
Cash and cash equivalent as on 31.03.2013 (closing balance)	<u>62.77</u>	<u>52.29</u>

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

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2013

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SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting :

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply with the provisions of Companies Act, 1956, generally accepted accounting principles in India and Companies (Accounting Standards) Rules, 2006 as amended from time to time to the extent applicable.

2 Revenue recognition :

- (a) Sales including export sales and trading sales are recognised when goods are dispatched from the factory and are recorded at net of shortages, claims settled, discounts, rate differences, rebate allowed to customers.
- (b) Export Sales are booked on the rate prevailing on the date of transaction and the resultant gain or loss on realisation is accounted as "Foreign Exchange Rate Fluctuation" and is dealt in the Statement of Profit and Loss.

3 A) Fixed Assets :

- (a) Fixed Assets are stated at cost, net of accumulated depreciation. However, in the case of Baramati Unit, fixed assets are further reduced by the amount of Sales Tax refund due. 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 land is not amortised as the same being a perpetual lease, amortisation of the same over the period of lease is not required.
- (c) Amount incurred towards capital work-in-progress will be suitably apportioned to the respective Fixed Assets on commissioning of the respective assets.
- (d) Assets, identified and evaluated technically as obsolete and held for disposal have been written off in relevant year and adjusted from profit on sale of Fixed Assets.
- (e) The 10% Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery has been deducted from the respective Fixed Assets in accordance with AS -12.

B) Depreciation :

(a) Ahmedabad Unit :

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.

(b) Baramati Unit :

Depreciation on fixed assets is charged on Straight Line Method (SLM) on pro-rata basis, by applying the rates as specified in Schedule XIV to the Companies Act, 1956. However, the Plant & Machinery have been considered as Continuous Process Plant based on technical assessment and the rate of depreciation has been applied accordingly.

4 Inventories :

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

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

5 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.

**6 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 monetary assets and liabilities 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.
- (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.

7 Use of estimates :

The preparation of financial statement requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of the information in the Financial Statement has been made relying on these estimates.

8 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.

9 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.

10 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.

11 Treatment of contingent liabilities :

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

12 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, 2013

(₹ in lakhs)

As at
31st March, 2013

As at
31st March, 2012

1 Share Capital

Authorised

50,000,000 (Previous year 50,000,000) Equity Shares of ₹ 10 each **5,000.00** 5,000.00

Issued

33,418,300 (Previous year 33,418,300) Equity Shares of ₹ 10 each **3,341.83** 3,341.83

Subscribed & Paid up

33,033,000 (Previous year 33,033,000) Equity Shares of ₹ 10 each **3,303.30** 3,303.30

Add:

Subscribed and not paid up

385,000 (previous year 385,000) equity shares of ₹ 10 each partly paid up ₹ 5 each forfeited in the year 1996-97 **19.45** 19.45

Total **3,322.75** 3,322.75

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

1.2 Reconciliation of the number of shares outstanding as at 31st March, 2013 and 31st March, 2012 is set out below:-

	As at 31st March, 2013	As at 31st March, 2012
Equity Shares at the beginning of the Year	33,033,000	33,033,000
Add: Shares issued during the Year	-	-
Less: Shares bought back during the Year	-	-
Equity Shares at the end of the Year	33,033,000	33,033,000

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

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Krishnaa Glass Private Limited	6,677,716	20.22	6,677,716	20.22
Mavi Investment Fund Limited	6,606,600	20.00	6,606,600	20.00
Sarvopari Investment Private Limited	4,007,244	12.13	4,007,244	12.13
Surendra Kumar Somany	3,068,274	9.29	3,068,274	9.29

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

**2 Reserves and surplus**

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
a. Capital Reserves		
As per last Balance Sheet	0.57	0.57
b. Securities Premium Account		
As per last Balance Sheet	8,713.65	8,713.65
c. Debenture Redemption Reserve		
As per last Balance Sheet	77.00	77.00
d. General Reserve		
As per last Balance Sheet	18.58	18.58
e. Surplus		
As per last Balance Sheet	(5,384.79)	(4,638.70)
Profit/(Loss) for the period	(166.13)	(746.09)
Closing Balance	(5,550.92)	(5,384.79)
Total	3,258.88	3,425.01

3 Share application money pending allotment

Share application money of ₹ 975 lacs has been received from Promoters and promoter Group companies towards allotment of 9,750,000 equity shares of ₹ 10 each for cash at par, aggregating to ₹ 975 lacs to the Promoter group in terms of CDR Scheme sanctioned to the company which is to be appropriated against allotment of Shares as and when issued by the Company as per the applicable provisions of Companies Act, 1956 and subject to compliance with SEBI Regulations and Guidelines as applicable in this regard.

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4 Long term borrowings

(₹ in lakhs)

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current	Current	Non Current	Current
Secured				
(a) Debentures	84.93	32.07	116.09	32.07
308,000 (Previous Year 308,000) 15% Secured Redeemable Non Convertible Debentures of ₹ 100/- each - Refer Note: 4.1a & 4.2a				
(b) Term Loan				
From Banks				
Rupee Term Loan	5951.10	1735.47	7040.48	1619.51
Refer Note: 4.1b & 4.2 (a,b and c)				
Derivative Rupee Term Loan	382.54	136.27	508.10	136.27
Refer Note: 4.1b & 4.2d				
FITL:				
- on Debentures	24.68	3.55	28.23	1.77
Refer Note: 4.1c & 4.2 (a,b and c)				
- on Term Loans	57.33	7.16	64.49	3.58
Refer Note: 4.1c & 4.2 (a,b and c)				
- on Working Capital	533.56	73.88	603.94	33.44
Refer Note: 4.1c & 4.2 (a,b and c)				
- on Derivative Loans	66.33	8.16	74.49	4.08
Refer Note: 4.1c & 4.2d				
Interest on FITL:				
- on Debentures	8.40	-	6.09	-
Refer Note: 4.1c & 4.2 (a,b and c)				
- on Term Loans	18.98	-	13.69	-
Refer Note: 4.1c & 4.2 (a,b and c)				
- on Working Capital	174.67	-	124.97	-
Refer Note: 4.1c & 4.2 (a,b and c)				
- on Derivative Loans	2.85	-	2.09	-
Refer Note: 4.1c & 4.2d				
From others	35.63	26.60	-	-
Refer Note: 4.1e & 4.2e				
(c) Other loans and advances (Unsecured)				
Deferred Payment Liabilities	43.40	-	43.40	-
Leasehold Liability	3.96	-	3.93	-
Unsecured Loans from Promoters	744.00	-	500.00	-
Total	8132.36	2023.16	9129.99	1830.72

4.1 Repayment:

a) Profile and rate of Interest of Non Convertible Debentures:		
	IDBI	ICICI
Rate of Interest	9%	14.82%
Repayment	(₹ in lakhs)	(₹ in lakhs)
2014-15	20.52	11.55
2015-16	20.52	11.55
2016-17	11.47	9.32



- b) All term loan repayments are reshcheduled as per Restructuring Package Sanctioned by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter Of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009.
- c) All FITL are repayable on stepped basis as per Restructuring Package sanctioned by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter Of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009.
- d) All Interest on FITL are repayable in two equal installments as per Restructuring Package sanctioned by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter Of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009.
- e) Repayment in 36 monthly installments.

4.2 Security

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

4.3 The Company has defaulted in repayment of loans and interest in respect of the following:

(₹ in lakhs)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Duration	Amount	Duration	Amount
Debentures				
Principal	1 day	2.89	1 day	1.98
Interest	1 day	0.59		
	32 days	0.57		
	60 days	0.62		
Term loans from banks				
Principal	1 day	264.68	1 day	207.32
Interest	1 day	57.39	1 day	63.77
	17days	1.08		
	31 days	23.45		
	32 days	25.92		
	45 days	1.18		
	59 days	25.71		
	60 days	16.68	60 days	0.44
	76 days	0.80		
Derivative Rupee Term Loan				
Principal	1 day	34.07	1 day	23.36
Interest	1 day	3.34	1 day	3.63
	32 days	3.15		
	60 days	3.42		
FITL				
Principal	1 day	7.24	1 day	7.24
Interest				
TOTAL				
Principal		308.88		239.90
Interest		163.89		136.88

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5 Other long term liabilities

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Trade Deposits	200.17	0.17
F.C.D. Application Money Refund A/C	1.27	1.27
Total	201.44	1.44

6 Long term provisions

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits		
Gratuity	429.51	351.86
Total	429.51	351.86

7 Short term borrowings

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Secured		
Loans repayable on demand		
From Banks (Working Capital)	10,071.95	8,886.40
Total	10,071.95	8,886.40

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

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

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

8 Other current liabilities

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long-term debt (Refer Note No. 4)	2,023.16	1,830.72
Interest accrued but not due on borrowings	33.51	39.38
Interest accrued and due on borrowings	162.10	146.15
Creditors for capital expenditure	69.57	34.19
Outstanding liabilities	320.19	285.20
Advances received against sale of commercial units	23.75	-
Other payables*	280.68	412.22
Total	2,912.96	2,747.86

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

**9 Short term provision**

(₹ in lakhs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for employee benefits		
Bonus	14.77	15.13
Leave with wages	42.93	32.33
Gratuity provision	35.48	26.94
(b) Provision for taxation	18.10	-
Total	111.28	74.40

10 Fixed assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Deprecation				Net Block		
	Balance as at 1st April, 2012	Additions	Deletions / Adjustments	Balance as at 31st March, 2013	Balance as at 1st April, 2012	Charge for the Year	Deletions / Adjustments	Balance as at 31st March, 2013	As at 31st March 2013	As at 31st March 2012
(i) Tangible assets										
Freehold land	29.82	-	-	29.82	-	-	-	-	29.82	29.82
Leasehold land	1.08	-	-	1.08	-	-	-	-	1.08	1.08
Freehold buildings	3,228.00	25.13	-	3,253.13	951.55	97.71	-	1,049.26	2,203.87	2,276.45
Leasehold buildings	9.31	-	-	9.31	0.80	0.15	-	0.95	8.36	8.51
Plant and equipment	21,815.16	672.01	275.38	22,211.79	13,400.55	1,464.80	235.07	14,630.29	7,581.51	8,414.61
Furniture and fixtures	102.66	-	-	102.66	69.70	3.07	-	72.77	29.89	32.96
Vehicles	149.88	101.39	25.67	225.60	58.23	16.83	14.38	60.68	164.92	91.64
Office equipment	277.13	3.45	0.16	280.42	193.41	10.17	-	203.58	76.84	83.72
Total tangible assets	2,5613.03	801.98	301.21	26,113.81	14,674.24	1,592.73	249.45	16,017.52	10,096.28	10,938.79
(ii) Intangible assets										
Computer software	60.56	93.34	-	153.90	57.21	8.67	-	65.88	88.02	3.36
Total Intangible assets	60.56	93.34	-	153.90	57.21	8.67	-	65.88	88.02	3.36
(iii) Capital work in progress	179.68	92.31	59.17	212.82	-	-	-	-	212.82	179.68
Total	25,853.28	987.62	360.38	26,480.53	14,731.45	1,601.40	249.45	16,083.40	10,397.12	11,121.83

11 Non-current investment (Unquoted)

(₹ in lakhs)

	As at 31st March, 2013	As at 31st March, 2012
Other Investments		
Investment in Equity Instruments		
2000 Equity Shares of ₹ 10/- each of Kechak Credit & Finvest Pvt. Ltd.	0.20	0.20
300 Equity Shares of AED 1000 each of Soma Textile FZC.	34.21	34.21
Other non-current investments	0.01	0.01
(10 Equity Shares of ₹ 50/- each in Las Palmas Co-op. Hsg. So. Ltd. and 5 Shares of ₹ 100/- each in Poonam Apt. Association)		
Total	34.42	34.42

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12 Deferred tax assets (net)

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Deferred Tax Assets		
Unabsorbed business losses and depreciation	1,388.36	1,766.15
Deferred Tax Liabilities		
Depreciation	1,255.28	1,390.07
Deferred tax assets (net)	133.08	376.08

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

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Security Deposits	87.51	161.87
Capital Advances	27.23	133.37
Soma Textile FZC Loan Account (Refer Note 13.1 and 13.2)	8,558.24	8,021.18
Total	8,672.98	8,316.42

13.1 The Company out of the GDR issue proceeds had made an investment of USD 15 million, which as on 31st March, 2013 is equivalent to INR ₹ 8,558.24 lacs (Previous Year INR ₹ 8,021.18 lacs) by way of long term loan and also invested in the Equity Share capital i.e 300 equity shares equivalent to INR ₹ 34.21 lacs (Previous Year INR ₹ 34.21 lacs) of Soma Textile FZC, Sharjah, U.A.E. an associate(Formerly Soma Textile FZE, Sharjah, U.A.E., a wholly owned subsidiary).

During the Financial Year, the said associate has earned Profit of AED 32,399 (Previous Year Profit of AED 25,644). The accumulated loss incurred as on 31st March, 2013 is AED 623,647 (Previous Year AED 656,046) as per audited accounts, as certified by Business Management World Auditors & Business Consultants, Independent Auditors.

13.2 The auditor of the Company Business Management World Auditors & Business Consultants, Independent Auditors, Independent Auditors has reported that all the Accounts Receivables have been deemed to be good and further it has been reported that receivables are delayed and the customers who were given cooling period are complying the terms with some delays however debts are considered good. Improvement in the financial health may take some more time.

14 Other non-current assets (unsecured, considered good)

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Income Tax Advance	43.92	39.34
Duties, Claims & Other Receivables	69.03	69.03
Trade Receivables	23.49	19.89
In Debenture Account (refund)	1.50	1.50
Total	137.94	129.76

**15 Inventories****(₹ in lakhs)**

	As at 31st March, 2013	As at 31st March, 2012
Raw materials	1,011.72	1,251.12
Raw materials in transit	22.72	10.66
Work-in-progress	3,348.63	2,995.81
Finished goods	1,941.63	1,412.03
Stores and spares	705.19	590.60
Stores and spares in transit	-	16.98
Waste	38.83	51.44
Total	7,068.72	6,328.64

16 Trade receivables**(₹ in lakhs)**

	As at 31st March, 2013	As at 31st March, 2012
Outstanding for a period exceeding six months:		
Unsecured	1.19	11.33
Other Debts:		
Secured	1,919.94	779.41
Unsecured	2,890.07	2,211.63
Total	4,811.20	3,002.37

17 Cash and cash equivalents**(₹ in lakhs)**

	As at 31st March, 2013	As at 31st March, 2012
Cash and cash equivalents		
Balances with Banks	60.17	49.24
Cash on hand	2.60	3.05
	62.77	52.29
Other Bank Balances		
Margin money	218.61	133.99
Bank deposits*	4.26	4.00
Total	285.64	190.28

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

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

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Advances recoverable in cash or in kind or for value to be received	148.48	42.02
Balance with Central Excise in Current Account	37.46	38.10
Total	185.94	80.12

19 Other current assets

	(₹ in lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Export Incentive Receivable	513.03	393.40
Duties, Claims & Other Receivables	237.70	116.30
Interest Receivable under TUF Scheme	176.24	205.83
Income Tax Advance	-	67.58
Interest Accrued	9.68	7.87
Total	936.65	790.98

20 Revenue from operations (Gross)

	(₹ in lakhs)	
	2012-13	2011-12
a) Sale of products	31,519.28	26,294.53
b) Other operating revenues		
(i) Export Incentive	267.60	148.33
(ii) Waste and Scrap Sale	646.59	408.41
Total	32,433.47	26,851.27

Detail of sales of Products:

	(₹ in lakhs)	
	2012-13	2011-12
Cloth	22,638.02	20,437.94
Yarn	6,853.66	3,881.33
Garment	2,027.60	1,975.26
Total	31,519.28	26,294.53

21 Other income

	(₹ in lakhs)	
	2012-13	2011-12
Rent	0.69	0.69
Insurance & Other claims	95.39	27.25
Interest Incentive under TUF Scheme	414.78	442.11
Profit on Sale of Fixed Assets (Net)	54.20	72.17
Miscellaneous Receipts	34.64	17.00
Foreign Exchange Rate Difference	87.54	63.80
Total	687.24	623.02

**22 Cost of Materials consumed**

	(₹ in lakhs)	
	2012-13	2011-12
Opening Stock	1,261.78	1,610.02
Add: Purchases	19,223.92	15,901.03
	20,485.70	17,511.05
Less : Sales	62.39	46.52
Closing Stock	1,034.44	1,261.78
Consumption	19,388.87	16,202.75

Imported and Indigeneous Raw materials consumed

	2012-13	2011-12
Imported	1,587.22	204.42
Indigenous	17,801.65	15,998.33
Total	19,388.87	16,202.75

Detail of Raw Material consumed

	2012-13	2011-12
Cotton	8,438.01	5,692.78
Cotton Yarn	6,073.39	7,075.97
Man Made Fibre	189.01	429.51
Polyester Yarn	1,551.63	1,915.71
Cloth Purchases	2,967.99	921.03
Garment material	168.84	167.75
Total	19,388.87	16,202.75

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

	(₹ in lakhs)	
	2012-13	2011-12
Opening Stock:		
Finished Goods	1,463.46	2,224.84
Work-in-progress	2,995.82	2,672.53
	4,459.28	4,897.37
Closing Stock:		
Finished Goods	1,980.46	1,463.46
Work-in-progress	3,348.64	2,995.82
	5,329.10	4,459.28
Total	(869.82)	438.09

24 Employee Benefits Expenses

	(₹ in lakhs)	
	2012-13	2011-12
Salaries and Wages	1,995.64	1,542.92
Contribution to Provident and Other Funds	123.97	108.60
Staff Welfare Expenses	132.11	101.94
Total	2,251.72	1,753.46

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

Ahmedabad Unit

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:	(₹ in lakhs)	
	2012-13	2011-12
Contribution to Employees' Provident Fund	65.54	51.96
Contribution to Pension Fund	34.78	34.10
Contribution to Labour Welfare Fund	7.21	2.84
EDLI Charges	0.04	0.04
Administration Charges of Provident Fund	8.09	6.86
Total	115.66	95.80

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	2012-13	2011-12
Present value of Defined Benefit Obligation as at 31 st March, 2012	353.35	348.40
Interest Cost	28.94	28.74
Current Service Cost	24.86	22.07
Past Service Cost	8.13	-
Benefit paid	(25.82)	(27.76)
Net Actuarial Gain/(Loss)	49.68	(18.10)
Present value of Defined Value Obligation as on 31 st March, 2013	439.14	353.35

Reconciliation of fair value of Plan Assets

Fair value of Plan Assets as at 31 st March, 2012	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, 2013	NIL	NIL

Actuarial Assumptions

Discount rate as on 31 st March, 2013	8.10%	8.50%
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.

Leave encashment	(₹ in lakhs)	
	2012-13	2011-12
Defined Benefit Obligation as on 31 st March, 2013	36.70	27.04
The above information is certified by an Actuary.		

Baramati Unit

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:	(₹ in lakhs)	
	2012-13	2011-12
Contribution to Employees' Provident Fund	6.87	5.69
Contribution to Pension Fund	5.28	5.40
Contribution to Labour Welfare Fund	0.09	0.08
EDLI Charges	0.32	0.32
Administration Charges of P.F.	1.02	1.03
Total	13.58	12.52

**Defined Benefit Plans****Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)****(₹ in lakhs)**

	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	2012-13	2012-13	2011-12	2011-12
Opening DBO as on 1 st April, 2012	25.45	5.38	21.58	5.61
Benefits paid during the year	4.49	0.96	3.62	1.58
Closing DBO as on 31 st March, 2013	25.85	6.23	25.45	5.38
Expenses recognized in the Statement of Profit & Loss	4.89	1.80	7.49	1.36
Assets/(Liabilities) recognized in the Balance Sheet as on 31 st March, 2013	25.85	6.23	25.45	5.38

Actuarial assumptions :

	2013	2012
Discount Rate	8.50% p.a.	8.50% p.a.
Salary Escalation Rate	9% p.a.	9% p.a.
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Attrition Rate	6% p.a.	6% p.a.

Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

25 Finance cost**(₹ in lakhs)**

	2012-13	2011-12
Interest expense	2,191.18	2,273.97
Other borrowing costs	235.27	155.44
Total	2,426.45	2,429.41

26 Other expenses**(₹ in lakhs)**

	2012-13	2011-12
Consumption of stores and spares	3,025.90	2,210.03
Power and Fuel	4,241.01	3,014.02
Rent	3.01	3.90
Repairs to Building	33.93	21.53
Repairs to Machinery	260.85	203.31
Repairs to Others	9.44	2.76
Job Work Charge	90.56	98.29
Insurance	42.84	48.82
Rates and Taxes	24.54	25.61
Payments to Auditors	18.86	11.21
Entry Tax (Refer Note No. 26.3)	-	214.02
Miscellaneous expenses	827.50	623.41
Total	8,578.44	6,476.91

26.1 Imported and Indigenous Stores and Spares Parts Consumed:**(₹ in lakhs)**

	2012-13	2011-12
Imported	447.61	471.91
Indigenous	2,578.29	1,738.12
Total	3,025.90	2,210.03

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26.2 Payments to the auditors	(₹ in lakhs)	
	2012-13	2011-12
- As Auditor	7.04	5.75
- For Taxation Matters	7.70	3.58
- For Other services	3.64	1.64
- For Reimbursement of expenses	0.48	0.24
Total	18.86	11.21

26.3 The amount of ₹ 214.02 lacs pertaining to entry tax demand on polyester yarn raised by the Sales Tax Department during previous year, which Company had purchased from other states for consumption in manufacturing of fabric.

The Company had relied upon the decision of the Hon'ble Allahabad High Court which held that entry tax is invalid as its not compensatory and against the decision of the Hon'ble Allahabad High Court an appeal with the Hon'ble Supreme Court is filed, which appeal is still pending and the decision is awaited. The Hon'ble Supreme Court in Jindal Stainless Steel Ltd. has also held that as entry tax is not compensatory, it cannot be levied. But the Sales tax department had conveyed to the company during the previous year about the decision of Hon'ble Gujarat High Court in Eagle Corporation Services, which was in favour of revenue that entry tax is to be paid by the Company in Gujarat.

The Company has paid the above said amount during the year.

27 Prior period income represent :

	(₹ in lakhs)	
	2012-13	2011-12
Debit Relating to Earlier Years	(10.55)	(28.10)
Total	(10.55)	(28.10)

28 Exceptional items represent:

	(₹ in lakhs)	
	2012-13	2011-12
Foreign Exchange fluctuation on loan - Soma Textile FZC	537.06	990.16
Retrenchment Compensation	(13.01)	(29.86)
Total	524.05	960.30

29 Earning per Share (EPS):

	(₹ in lakhs)	
	2012-13	2011-12
Basic :	(0.50)	(2.26)
Numerator : Net profit/(Loss) after taxation as disclosed in Statement of Profit & Loss (After Extra Ordinary Items) (₹ in lacs)	(166.13)	(746.09)
Denominator : Weighted Average No. of Equity Shares outstanding during the year	33,033,000	33,033,000
Diluted :	(0.50)	(2.26)
Numerator : Net Profit/(Loss) for Diluted EPS (₹ in lacs) (After Extra Ordinary Items)	(166.13)	(746.09)
Denominator : Weighted Average No. of Equity Shares	33,033,000	33,033,000
The nominal value per Equity Shares is ₹ 10/-		



30 The Company had been sanctioned a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism of RBI vide Letter of Approval (LOA) No. BY.CDR/AG No. 1110/2008-2009 dated 26th February, 2009 for restructuring the Company's existing financial assistance outstanding as on 30th September, 2008 availed from the Institutional Lenders and Working Capital from Banks, and sanctioning additional financial assistance extended/to be extended to the Company in the manner and to the extent set out in the LOA. The salient features of the scheme were injection of fresh working capital and concession in the bank charges, reduction in margins, fresh term loan for completion of pending capital projects, funding of interest, reduction in interest rate, moratorium and deferment of principal amount repayments.

31 Related party transaction

- 1.1** Holding Company Not Applicable
- 1.2** Associate Company SOMA TEXTILE FZC, Sharjah, UAE
- 1.3** Fellow Subsidiary Not Applicable
- 1.4** Other related parties where control exists Somany Evergreen Knits Ltd.
Kechak Credit & Finvest Pvt. Ltd.
- 1.5** Key management personnel and their relatives Shri S. K. Somany, Chairman
(Shri A. K. Somany, Managing Director is son of Shri S. K. Somany)

Shri A. K. Somany, Managing Director
(Shri S. K. Somany, Chairman is father of Shri A. K. Somany)

Shri Shrikant Bhat, Executive Director

Shri Shrikant Bhat, Director, Soma Textile FZC

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

Particulars	(₹ In lakhs)					
	Associate		Key Management personnel and their relatives		Other parties which significantly influence / are influenced by the Company (either individually or otherwise)	
	2013	2012	2013	2012	2013	2012
Rent Paid	-	-	-	-	1.56	1.98
Water & Electricity Charges	-	-	-	-	0.83	0.59
Sales	-	-	-	-	33.82	-
Testing Charges	-	-	-	-	0.02	-
Repair & Maintenance	-	-	-	-	0.24	0.14
Rates & Taxes	-	-	-	-	-	1.07
Remuneration	-	-	48.79	42.83	-	-
Sitting Fee	-	-	0.10	0.08	-	-
Balance outstanding at date of Balance sheet						
- receivable	8,558.24	8,021.18	-	-	1.22	-

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

(₹ in lakhs)

	As at 31st March, 2013	As at 31st March, 2012
(i) Contingent Liabilities		
Unredeemed Bank Guarantees (margin in form of FDR ₹ 22.64 lacs (Previous year ₹ 22.42 lacs) provided against Bank Guarantees)	226.43	224.23
Sales Tax Payment disputed by the Company	6.17	6.17
Excise Duty demand disputed by the Company	33.73	27.93
Claims against the Company not Acknowledged as debts	23.84	20.34
Income Tax Payment disputed by the Company	-	49.17
Notice of Income Tax demand for A.Y. 2007-08	45.33	-
	335.50	327.84
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	188.25	1,108.25

33 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.

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

(₹ in lakhs)

	2012-13	2011-12
Raw Materials	1,176.22	556.76
Capital Goods	203.23	-
Stores (including dyes and spares)	427.51	379.44

34.2 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lakhs)

	2012-13	2011-12
Traveling Expenses	10.51	16.04

34.3 EARNING IN FOREIGN CURRENCY DURING THE YEAR

(₹ in lakhs)

	2012-13	2011-12
F.O.B.Value of Exports	3,612.73	1,939.24

35 Company has entered into a Registered Development Agreement on 20th November, 2012 with Shayona Land Corporation for development of Part Leasehold Land of the 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).

36 The Company has signed Business Transfer Agreement on 1st April, 2013 with Messrs GTN Engineering (India) Ltd., a Public Limited Company situated in Hyderabad, in the State of Andhra Pradesh to dispose off the Baramati Unit, situated at D-49, M.I.D.C., Baramati on a slump sale basis as a going concern for a lumpsum consideration of ₹ 29.80 crores. The sale of the unit is governed by the terms & conditions laid down in Business Transfer Agreement. Necessary effect of the said transaction will be given in the books of account of the Company in the Financial Year 2013-14 after completing the transaction.

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

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

For and on behalf of the Board

S. K. SOMANY Chairman

A. K. SOMANY Managing Director

R. S. SHARMA Company Secretary

GYAN PIPARA
PARTNER
Membership No. : 034289
Place : Ahmedabad
Date : 24th May, 2013



SOMA TEXTILES & INDUSTRIES LIMITED

SOMA TEXTILES & INDUSTRIES LIMITED

Registered office : 2, Red Cross Place, Kolkata - 700 001

ATTENDANCE SLIP

(To be signed and handed over at the Entrance of the Meeting Venue)

Member's Folio No : _____ No. of Shares held _____

D.P. ID*

Client ID*

I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company.

I/We hereby record my/our presence at the 75th Annual General Meeting of the above named Company at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001, On Monday, 9th day of September, 2013 at 2:30 P.M.

Member's / Proxy Name in BLOCK LETTERS

Member's/Proxy's signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL

*Applicable for investors holding shares in electronic form.

----- TEAR HERE -----

SOMA TEXTILES & INDUSTRIES LIMITED

Registered office : 2, Red Cross Place, Kolkata - 700 001

FORM OF PROXY

Member's Folio No : _____ No. of Shares held _____

D.P. ID*

Client ID*

I/We _____ of _____

_____ being a member/members of the above named Company hereby appoint

of _____ or failing him _____

of _____ as my/our proxy

to vote for me/us and on my/our behalf at the 75th Annual General Meeting of the Company to be held on Monday,

9th day of September, 2013 at 2:30 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2013.

*Applicable for investors holding shares in electronic form.

Affix
Re. 1/-
Revenue
Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time of commencement of the meeting. The Proxy need not be a member of the Company.

BOOK-POST

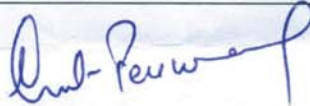
To

If undelivered, please return to :
SOMA TEXTILES & INDUSTRIES LIMITED
Rakhial Road, Ahmedabad - 380 023.

GANAPATI, A'bad. Ph-(079) 26568111

FORM A

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

1	Name of the Company:	Soma Textiles & Industries Limited
2	Annual financial statements for the year ended	31st March, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	N.A
5	To be signed by:	
	CEO/Managing Director	 Arvind Somany Managing Director
	CFO	 Amit Periwal GM (Finance & Accounts)
	Auditor of the Company	 Pipara & Company Chartered Accountants 
	Audit Committee Chairman	 B. L. Dhoot Chairman Audit Committee