



SOMA TEXTILES & INDUSTRIES LIMITED

59th

Annual Report
1996-97

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

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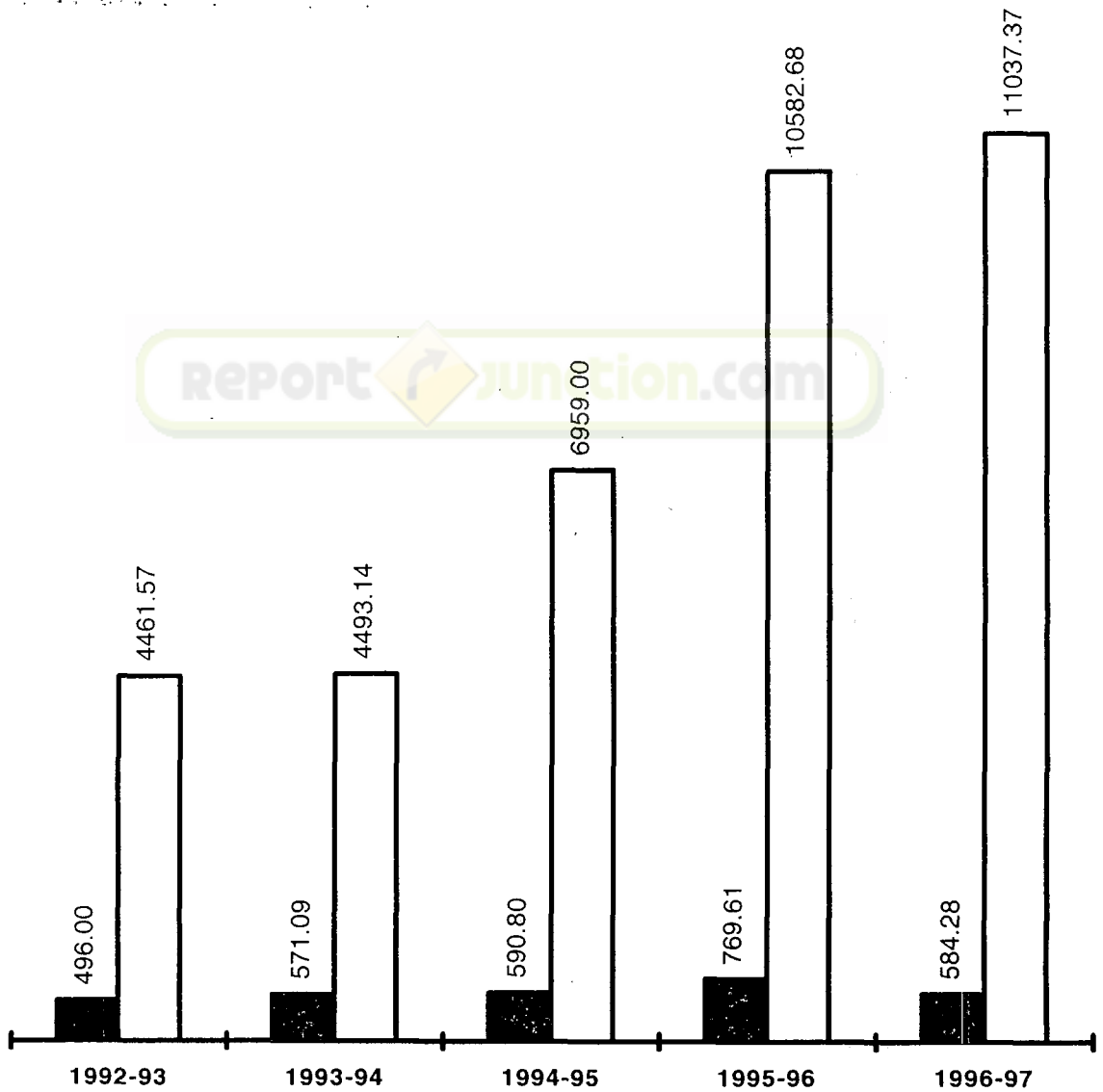


A SOMANY ENTERPRISE

Making technology pay.

SALES & GROSS PROFIT (Rs. in Lakhs)

■ Gross Profit
□ Sales



**SOMA TEXTILES & INDUSTRIES LIMITED**

CONTENTS

BOARD OF DIRECTORS

SHRI S. K. SOMANY (Chairman)
SHRI A. K. SOMANY (Managing Director)
SHRI G. S. MANTRI
SHRI B. K. JHAJHARIA
SHRI S. MAZUMDAR (Nominee Director - I.C.I.C.I.)
SHRI R. L. WADHWA (Nominee Director- I.D.B.I.)
SHRI A. M. NAIK (Executive Director)
SHRI S. K. JATIA
SHRI SHREEKANT SOMANY

SECRETARY

SHRI R. S. SHARMA

AUDITORS

PIPARA & COMPANY
AHMEDABAD.

BANKERS

DENA BANK
STATE BANK OF INDIA
CENTRAL BANK OF INDIA

REGISTERED OFFICE

2, RED CROSS PLACE
CALCUTTA - 700 001

WORKS

- 1) RAKHIAL ROAD
AHMEDABAD - 380 023
- 2) PLOT NO. D-49, MIDC,
BARAMATI - 413102.
DIST. PUNE

BRANCH

4-K, CONNAUGHT CIRCUS
NEW DELHI - 110 001



SOMA TEXTILES & INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-Ninth ANNUAL GENERAL MEETING of the Members of Soma Textiles & Industries Limited will be held at Somany Conference Hall of Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Calcutta - 700 001 on Friday, the 26th day of September, 1997 at 2.30 P.M. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date together with the report of Directors and Auditors thereon.
2. To declare dividend on equity shares, if any.
3. To appoint a Director in place of Shri S. K. Jatia, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri S. K. Somany, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

6. **Revision in terms of Remuneration of Shri A.M.Naik as Executive Director :**

As an ordinary Resolution

RESOLVED THAT in partial modification of the Resolutions passed by the members at its 54th Annual General Meeting held on 27th July, 1992 and pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act 1956 (the Act) read with Schedule XIII to the said Act and subject to such other approvals and/or permissions, as may be necessary, consent and/or approval of the Company be and is hereby accorded to Shri A. M. Naik (Shri Naik) the Whole time Director, designated as Executive Director of the Company to draw remuneration by way of salary, commission, perquisites and/or allowances on the revised terms and remuneration effective from 22nd January 1997 and upto his remaining tenure of appointment as a Wholetime Director, designated as the Executive Director expiring on 21st January, 1998 contained in the Supplemental Agreement entered/to be entered into between the Company of the ONE PART and Shri Naik of the OTHER PART (a draft whereof is placed before the meeting and for the purpose of identification is initialled by the Chairman) and which Supplemental Agreement is hereby specifically approved with the liberty to the Board of Directors of the Company, to alter, vary and modify the terms, conditions and stipulations, of the said appointment of and the remuneration payable to Shri Naik and/or Agreement as may be agreed to between the Company and Shri Naik.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised and empowered to alter and vary the terms and conditions of appointment of and remuneration payable to Shri Naik or otherwise in their absolute discretion, so as to give effect in line with Schedule XIII to the said Act in force for the time being and/or any amendments, modifications or reenactments thereto from time to time.



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AND RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as are necessary or desirable for the aforesaid purpose and matters incidental thereto.

7. **Re-appointment of Shri A. K. Somany as Managing Director :**

As an Ordinary Resolution

RESOLVED THAT in accordance with and subject to the provisions of Section 198, 269, 309, 310 & 311 read with Schedule XIII to the Companies Act, 1956 ('the Act') and other applicable provisions, if any, and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the shareholders of the company be and is hereby accorded to the re-appointment of Shri A. K. Somany ('Shri Somany') as nonrotating Managing Director of the Company, who shall not retire by rotation pursuant to the relevant provisions including Section 257 of the said Act read with Article of Association of the Company for a fresh 5 (five) years term commencing from 22nd January 1998 and upto 21st January 2003 and to his receiving remuneration by way of salary, commission, perquisites and/or allowances as the Managing Director upon the terms, conditions and stipulations contained in the DRAFT AGREEMENT to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART and also as set out in the Explanatory Statement attached to the Notice convening the 59th Annual General Meeting of the Company (a draft whereof is placed before the meeting and for the purpose of identification is initialled by the Chairman) which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Shri Somany, the non-rotating Managing Director and/or remuneration payable to him and/or Agreement as may be agreed to between the Board of Directors and Shri Somany, provided however, that the remuneration payable to Shri Somany shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the said Act, or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby vested with the sole authority and discretion to consider, grant and/or sanction an annual increment upto 20% of the existing salary as the Board may consider fit and proper to Shri Somany.

RESOLVED FURTHER THAT where in any financial year during his term of office, the Company makes no profits or inadequate profits, the Company may pay Shri Somany remuneration by way of salary, commission, perquisites and/or allowances not exceeding the limits laid down in Section II, Part II of Schedule XIII to the said Act, presently in force and for the time in force or any statutory modifications, substitutions or re-enactments thereof, as may be agreed to, by the Board of Directors of the Company and acceptable to Shri Somany, Managing Director.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or reenactments 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 or increase the remuneration including salary, commission, perquisites and/or allowances within the maximum limits for payment of managerial remuneration specified in Schedule XIII to the said Act, in force for the time being or any statutory amendment or reenactment thereto as may be made from time to time or the laws/guidelines in force for the time being.



SOMA TEXTILES & INDUSTRIES LIMITED

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

8. **Re-appointment of Shri A. M. Naik, as Executive Director :**

As an Ordinary Resolution

RESOLVED THAT in accordance with and subject to the provisions of Section 198, 269, 309, 310 & 311 read with Schedule XIII to the companies Act, 1956 ('the Act') and other applicable provisions, if any, of the said Act, and subject to such other approvals and/or sanctions as may be necessary consent and/or approval of the shareholders of the company be and is hereby accorded to the re-appointment of Shri A. M. Naik ('Shri Naik') as non-rotating wholetime Director hitherto designated as Executive Director of the Company, who shall not retire by rotation, pursuant to the relevant provisions including Section 257 of the said Act read with Article of Association of the Company for a fresh 5 (five) year term commencing from 22nd January 1998 and upto 21st January 2003 and to his receiving remuneration by way of salary, commission, perquisites and/or allowances as the non-rotating Executive Director upon the terms, conditions and stipulations contained in the DRAFT AGREEMENT to be entered into between the company of the ONE PART and Shri Naik of the OTHER PART and also as set out in the Explanatory Statement attached to the Notice, convening the 59th Annual General Meeting of the Company (a draft whereof is placed before the meeting and for the purpose of identification is initialled by the Chairman) which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Shri Naik, the Executive Director and/or remuneration payable to him, and/or Agreement as may be agreed to between the Board of Directors and Shri Naik provided however that the remuneration payable to Shri Naik shall not exceed the maximum limits for payment of managerial remuneration, specified in Schedule XIII to the said Act, or any amendment thereto as may be made from time to time or the laws or guide lines as may for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby vested with the sole authority and discretion to consider, grant and/or sanction an annual increment upto 20% of the existing salary as the Board may consider fit and proper to Shri Naik.

RESOLVED FURTHER THAT where in any financial year during his term of office, the Company makes no profits or inadequate profits, the Company may pay Shri Naik remuneration by way of salary, commission, perquisites and/or allowances not exceeding the limits laid down in Section II, Part II of Schedule XIII to the said Act, presently in force and for the time being in force or any statutory modifications, substitutions or re-enactments thereof, as may be agreed to, by the Board of Directors of the Company and acceptable to Shri Naik, Executive Director.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to the Schedule XIII to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter or increase the remuneration including salary, commission, perquisites and/or allowances within the maximum limits for payment of managerial remuneration specified in Schedule XIII to



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the said Act in force for the time being or any statutory amendment or reenactment thereto as may be made from time to time or the laws/guidelines in force for the time being.

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

9. Buy-Back of Shares by the Company :

As a Special Resolution

RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions as

ERRATA

(1) PAGE NO. 4

DELETE Para 2 completely of Item No. 8 - Resolution.

(2) PAGE NO. 7 - In Explanatory Statement - Item No. 6

Read

Salary - At the rate of Rs. 22,500/- per month.

In lieu of

Salary - At the rate of Rs. 17,500/- per month.

PAGE NO. 10 - In Explanatory Statement - Item No. 8

Read

Salary - At the rate of Rs. 25,000/- per month in the grade of Rs. 25000-2500-35000.

In lieu of

Salary - At the rate of Rs. 17,500/- per month. (The Board may at its sole discretion, consider and grant an annual increment upto 20% of the existing salary)

(3) PAGE NO. 16 - Profit after tax - Projected

Read 1042 in lieu of 10.42

53A Notwithstanding what is stated in Article the Company shall if and when permitted by the applicable provisions of the Act and subject to such other approvals, permissions and sanctions as may be necessary, have the power to purchase any of its own fully paid-up shares, whether or not they are redeemable on such terms and conditions and at such time to as may be provided by law from time to time and may make such a payment out of its capital in respect of such purchases, provided that, nothing herein contained shall be deemed to affect the provisions of Section 100 to 104 and Section 402 of the Companies Act, 1956 in so far as they are applicable.

Registered Office :

2, Red Cross Place,
Calcutta - 700 001

Dated : the 28th June, 1997

By Order of the Board
(R. S. SHAH)



SOMA TEXTILES & INDUSTRIES LIMITED

NOTES :

1. Relative Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956 in respect of item no. 6,7,8,9, & 10 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be the member of the company. Proxies, in order to be effective must be received at the Registered Office of the company not less than 48 hours before the meeting.
3. The Register of members and the share transfer books of the Company will remain closed from 16th September, 1997 to 26th September, 1997 (both days inclusive) for the payment of Dividend.
4. If Dividend on shares as recommended by the Directors is approved at the meeting, payment of such Dividend will be made in accordance with the applicable provisions of Law to those members whose names appear in the Register of Members of the Company as on 26th September, 1997.
5. Members are requested to notify change in their address in block letters, if any, quoting their folio number to the Registered office of the Company.
6. Members/Proxies are requested to bring their copies of the Annual Report at the Meeting.
7. Pursuant to Section 205A of the Companies Act, 1956 and the Rules made thereunder, all unclaimed or unpaid dividends, if any, upto the financial year ended 31st March, 1993 have been transferred to General Revenue Account of the Central Government.

Explanatory Statement in the respect of the special bussiness pursuant to section 173(2) of the Companies Act, 1956

ITEM NO. 6

Members of the Company had at their Fifty Fourth Annual General Meeting (AGM) held on Monday the 27th July, 1992 approved the reappointment of Shri A. M. Naik, ('Shri Naik') as Wholetime Director designated as Executive Director for a period of 5 (Five) years effective from 22nd January, 1993 and ending on 21st January, 1998 on the remuneration payable under the then prevalent Schedule XIII to the Companies Act, 1956 ('the Act') detailed in Explanatory statements to the Resolutions under Item No. 7, 8 and 10 respectively of the Notice of said 54th AGM. The Board of Directors at its meeting held on 20th March 1997 in exercise of the authority given by the Members further decided and resolved to revise the terms of remuneration payable to Shri Naik under the Revised Schedule XIII to the Act presently in force, as from 22nd January, 1997 for the remainder of the tenure of his appointment, subject to approval of the members of the Company to be obtained in due course. The increased remuneration is well within the permissible limits specified in the revised Schedule XIII to the said Act read with the Government Circular No. 2/94 dated 10th February 1994 and as amended upto date.

In deference to the Government Circular No. 2/94 dated 10.2.1994, the Shareholders approval is once against sought to the revised terms of the remuneration payable to Shri Naik effective from January 22, 1997 as given hereunder:



SOMA TEXTILES & INDUSTRIES LIMITED

SALARY

At the rate of Rs. 17,500/- per month.
(effective from 22nd January, 1997 and upto 21st January, 1998)

COMMISSION

At the rate of 1% (one Percent) of net profits of the Company for each financial year or part thereof computed in the manner laid down in section 198 and 309 of the said Act, subject however to a ceiling of 10% of the Annual Salary.

PERQUISITES

Perquisites under Category A, B and C remains unaltered as previously approved by the Share holders at their meeting held on 27th July, 1992 in accordance with the then prevailing Schedule XIII of the said Act, except that the total perquisites in addition to Salary and Commission is restricted to an amount equal to Annual salary of Shri Naik or Rs.2,00,000 whichever is less.

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 as calculated in accordance with Section 198 and 309 and other applicable provisions 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 in any financial year during the currency of tenure of office of the Executive Director, the Company may pay him the same remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of Schedule XIII of the said Act, as may for the time being in force.

The remuneration payable to Shri Naik in his respective capacity do not fall within the provisions of Section 314 of the said Act in terms of the Provisions of sub-section 3 of the said section and in accordance with the clarification and/or notification issued by the Central Government and as such members approval by special resolution is not required.

The Board accordingly recommend the Resolutions set out in item No. 6 of the Notice for members approval by way of an Ordinary Resolution.

The Supplemental Agreement entered into between the Company and Shri Naik is available for inspection by the members of the Company at its Registered Office on any working day, prior to the date of the meeting during usual business hours and will also be available at the meeting.

This should be considered also an abstract of terms and conditions of appointment of as the case may be of Shri Naik and Memorandum as to the nature of the concern or interest of the Directors in the said terms of appointment and/or remuneration as required under section 302 of the Act.



SOMA TEXTILES & INDUSTRIES LIMITED

MEMORANDUM OF INTEREST

Shri Naik, wholetime Director, designated as Executive Director, may be deemed to be interested and/or concerned in the above revised terms of remuneration. No other Director is interested or concerned.

ITEM NO. 7

The Present term of Shri A.K.Somany ('Shri Somany') as nonrotating managing Director of the Company liable to retire by rotation, will expire by efflux of time on 21st January, 1998. The Board of Directors at its meeting held on 28th June, 1997 reappointed Shri Somany as non-rotating Managing Director of the Company for a fresh term of 5 year commencing on and from 22nd January, 1998 and upto 21st January 2003. His appointment and remuneration fixed in accordance with Schedule XIII to the Companies Act, 1956, ('the Act') is subject to the approval of the Share holders for which purpose Resolution as set out in the Notice is proposed.

The Board of Directors has fixed the following remuneration to be paid to Managing Director during the fresh term, with power to make such variation or increase therein as may be thought fit from time to time, but within the ceilings laid down in Schedule XIII of the said Act, or any statutory amendment or relaxation thereof :

- (a) **SALARY** : At the rate of Rs.50,000/- p.m. (The Board may at its sole discretion consider and grant an annual increment upto 20% of the existing salary.)
- (b) **COMMISSION** : At the rate of 1% (one percent) of net profits of the Company for each financial year computed in the manner laid down in Section 198 and 309 of the said Act, subject however to a ceiling of Annual Salary.
- (c) **PERQUISITES** : Shri. Somany will be entitled to the following perquisites in addition to salary and commission restricted to an amount equal to the annual salary of Shri Somany or Rs. 4,50,000/- per annum, whichever is less.

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. These may be provided for as under :

HOUSING

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