

**CERTIFIED TRUE COPY**

For **SOMA TEXTILES & INDUSTRIES LTD**



**SOMA TEXTILES & INDUSTRIES LIMITED**

**60th**

**Annual Report**

**1997-98**

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AG	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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## **SOMA TEXTILES & INDUSTRIES LIMITED**

### **BOARD OF DIRECTORS**

SHRI S. K. SOMANY (Chairman)  
SHRI A. K. SOMANY (Managing Director)  
SHRI G. S. MANTRI  
SHRI B. K. JHAJHARIA  
SHRI M. K. GHOSH (Nominee Director - I.C.I.C.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

### **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 Sixtieth 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 Wednesday, the 16th day of September, 1998 at 11.00 A.M. to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares, if any.
3. To appoint a Director in place of Shri B. K. Jhajharia, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Shreekant Somany, who retires by rotation and being eligible offers himself for re-appointment.
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. Remuneration by way of Commission to Non-Executive Directors :

As a Special Resolution

RESOLVED THAT in accordance with and subject to the provisions 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 Wholtime Directors, if any ) of a commission (to be divided amongst them, in such amounts or in proportion 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) 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 (five) years, commencing from 1st April, 1998 and upto 31st March, 2003.

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.

##### 7. Buy back of Shares

As a Special Resolution

RESOLVED THAT if and when permitted by the law, and subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a committee thereof) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to buy back such number of Equity Shares as may be thought fit from the existing holders of Equity Shares on a proportionate basis and/or from the open market and/or from the lots smaller than the market lots of the shares and/or by purchasing the shares issued to the employees pursuant to a scheme of stock option of the Company in such proportion and manner as may be permitted by law from out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose or from such other sources or funds of the Company as may be permitted by law on such terms, conditions and in such manner as may be permitted by law from time to time provided that the aggregate of the shares so bought back shall not exceed 20% of the paid-up share capital of the Company.



## SOMA TEXTILES & INDUSTRIES LIMITED

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 do all such acts and things and deal with all such matters and to settle all questions of difficulties whatsoever that may arise with regard to said buy back/purchase of Equity Shares and take all such steps in this regard as it may in its absolute discretion deem necessary, fit and proper.

RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any Equity Shares.

### Registered Office:

2, Red Cross Place,

Calcutta - 700 001

Dated : 24th June, 1998

By Order of the Board

(R. S. SHARMA)

Company Secretary

### NOTES:

1. Relative Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956 in respect of Item nos. 6 & 7 is annexed hereto.
  2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, 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 1st September, 1998 to 16th September, 1998 (both days inclusive).
  4. If Dividend on Equity 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 16th September, 1998.
  5. No tax will be deducted at source from the dividend, if declared.
  6. 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.
  7. Members/Proxies are requested to bring their copies of the Annual Report at the Meeting.
  8. Members are informed that M/s. Shepan Consultants Limited, Mumbai has ceased to be our Registrar & Share Transfer Agents effective from 1st August, 1997. All communications relating to shares should now be addressed to The Share Department of the Company at its Registered Office at 2, Red Cross Place, Calcutta -700 001.
  9. 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, 1994 have been transferred by the Company from time to time to the General Revenue Account of the Central Government. Members, who have not yet claimed or collected their dividend for the said financial years, are requested to lodge their claim with the Registrar of Companies West Bengal, Nizam Palace, A.J.C. Bose Road, Calcutta - 700020.
  10. Unclaimed Dividend for the year 1994-95 will fall due for transfer to the General Revenue Account of the Central Government on or before 27-11-1998, Members, who have not so far encashed their dividend warrants, may claim or approach immediately to the Company for payment.
  11. Members, holding shares in identical order of names in more than one folio, are requested to send details of such folios together with Share Certificates for consolidating their holdings in ONE FOLIO. Share Certificates will be returned to the members after making requisite change thereon.
- N.B. This may also be treated as Separate Notice, informing all the members concerned of particulars of dividends 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 as amended.



## SOMA TEXTILES & INDUSTRIES LIMITED

### Explanatory Statement Under Section 173(2) of the Companies Act, 1956

#### ITEM NO.6

At the 55th Annual General Meeting held on 30th September, 1993, the Company had through a Special Resolution approved and authorised payment of remuneration, by way of commission on net profits to its Non-Executive Directors for a period of 5 years commencing from 1st April, 1993.

Under Section 309 (7) of the Companies Act, 1956, such Resolution remains valid upto a period of 5 years and thereby it expired on 31st March, 1998 and needs to be renewed for a further period of not more than 5 years at a time commencing from 1.4.1998 and ending on 31st March, 2003 for continuity of payment of remuneration by way of commission to the Directors of the Company (other than the Managing Director and Wholetime Directors, if any) @ 1% of the net profits of the Company, to be computed in the manner as laid in Section 198(1) read with Section 309 (5) of the Companies Act, 1956 and to be paid to and distributed amongst the Directors in the strict terms of the Resolution.

The Board recommends the Special Resolutions set out in item No.6 of the accompanying Notice of General Meeting for members approval.

All the Directors (other than Managing & Wholetime Directors) of the Company are deemed to be interested in the Resolution to the extent of the commission proposed to be paid to them.

#### ITEM NO. 7

The Companies Act, 1956 presently restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital. The Companies Bill, 1997 sought to lay down the operative provisions to regulate the buy back of shares by Companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back. Subject to the buy back of shares or securities, being legally permissible it is proposed to buy back not exceeding 20% of the paid-up share capital of the Company from the existing shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the shares and/or by purchasing the shares issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard.

The amount to be invested shall be met out of the free reserves and/or the share premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources or funds as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulations.

The Board is of the opinion that it will be in the best interest of the Company if shareholders approve the said resolution, permitting such buy back so that the Company will be able to implement this resolution once the law is amended.

The approval of the shareholders for such buy back of shares was obtained at the Annual General Meeting of the Company held on 26th September, 1997 and accordingly the Articles of Association of the Company were amended by inserting new Clause for buy back of shares. The resolution approved by the shareholders is valid till 25th December, 1998 as the Resolution so passed remains valid for a period of 15 months from the date of its passing based on the provision of the Companies Bill, 1997. Consequent upon, a fresh approval of the shareholders is sought for by way of a special resolution as set out in this notice. The resolution, if passed at the ensuing Annual General Meeting will be valid upto 15th December, 1999.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible. The Directors recommend the resolution for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the Resolution only upto the extent of their holding of shares in the Company

#### Registered Office:

2. Red Cross Place,  
Calcutta - 700 001

Dated : 24th June, 1998

By Order of the Board  
(R. S. SHARMA)  
Company Secretary



# SOMA TEXTILES & INDUSTRIES LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 60th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1998.

## FINANCIAL RESULTS

	(Rs. in Lacs)	
	1997-98	1996-97
<b>TURNOVER</b>	<b>12653.62</b>	<b>11526.38</b>
<b>GROSS PROFIT</b>	<b>687.66</b>	<b>584.27</b>
Less : Depreciation	<u>607.73</u>	<u>629.87</u>
	<b>79.93</b>	<b>(45.60)</b>
Provision for Income Tax	<u>1.48</u>	<u>-</u>
	<b>78.45</b>	<b>(45.60)</b>
Add : Balance brought forward	48.85	43.98
Excess Provision for Dividend	-	1.93
Income Tax Refund	-	0.85
Transferred from Investment Allowance Reserve (Utilised)	-	102.50
Transfer from General Reserve	<u>48.85</u>	<u>110.00</u>
	<b>127.30</b>	<b>213.66</b>
Less : Appropriation		
Proposed Dividend	54.37	54.37
Tax on Dividend	5.44	5.44
Transfer to General Reserve	<u>-</u>	<u>105.00</u>
	<b>59.81</b>	<b>164.81</b>
Balance Carried to Balance Sheet	<u>67.49</u>	<u>48.85</u>

## DIVIDEND

Your Directors propose a dividend of Re. 0.50 per Equity Share for the year ended 31st March, 1998.

## WORKING

The turnover of your Company increased by 9.78% over the previous year to Rs.12653.62 lacs and against a marginal loss of Rs.45.60 lacs in the last year, the Net Profit for the year stands at Rs.78.45 lacs.

## AHMEDABAD UNIT

From the second half of the current year, the Indian Textile Industry started feeling the impact of the slow-down in the economy. Unseasonal rains affected the cotton growth resulting in considerable deterioration in the quality of cotton and a sharp increase in prices. This affected your Company's performance during the year under review. Apart from this, the cost of electricity at Ahmedabad also increased to Rs.3.80 per unit. In order to reduce the cost of power and to overcome the difficulties of the frequent power cuts, your Company is contemplating installing a Generating Set run on Heavy Fuel Oil so as to bring down the cost of electricity by about 20%.

**SOMA TEXTILES & INDUSTRIES LIMITED****100% EXPORT ORIENTED UNIT AT BARAMATI**

The second half of the year witnessed the economic turmoil in the South East Asian countries and this had its effect on the performance of this Unit. Consequently, your Company virtually lost the Korean & Japanese markets. Even sales to Hong Kong have been under pressure. In spite of this, the Unit could perform much better compared to the previous year.

**PROSPECTS**

Competition in the domestic and international markets is expected to increase significantly due to the prevailing recessionary conditions in almost all parts of the world. The steep devaluation of the Rupee has not at all benefitted your Company due to reduction in the prices of cotton yarn in the international market.

Your Company is taking utmost care to produce quality products and is changing the product mix to produce what is in demand and thus keep control over costs. The bountiful of rainfall expected this year will help in greatly increasing the cotton production both in quality & quantity. A good monsoon and a substantial increase in the Capital Outlay by the Government are pre-requisites to kick start the economy towards stability.

**INSURANCE**

All the properties of your Company have been adequately insured against fire, floods, strike, riots, earthquake, malicious damage and explosion risks.

**PUBLIC DEPOSITS**

All Public Deposits matured upto 31.03.1998 have been repaid except 1 No. FDR for Rs.11,000/- matured, but not claimed.

**AUDITORS' REPORT**

All the items on which comments have been made by the Auditors in their Report to the Shareholders are self explanatory as explained by way of Notes to the Accounts under Schedule 21 to the Balance Sheet and Profit & Loss Account.

**DIRECTORS**

Shri B K Jhajharia and Shri Shreekant Somany retire by rotation and are eligible for re-appointment.

**AUDITORS**

M/s. Pipara & Co., Chartered Accountants, the Statutory Auditors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

**PARTICULARS OF EMPLOYEES**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

**ADDITIONAL INFORMATION**

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo in Forms A and B are annexed hereto.

**APPRECIATION**

Your Directors express their grateful appreciation for the assistance and cooperation extended to the company by the Financial Institutions, Banks, Govt. of Gujarat and Govt. of Maharashtra from time to time. Your directors also wish to place on record their deep appreciation for the dedication and efforts of the Executives, Staff and Workers of the Company.

Place : Calcutta

Date : 24th June, 1998

On behalf of the Board

(S. K. Somany)

Chairman



**SOMA TEXTILES & INDUSTRIES LIMITED**

Information as per Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 1998.

Name of Employee	Age in years	Designation/ Nature of Duties	Remuneration in Rupees.	Qualification & Experience in years	Date of commencement of employment	Last Employment held & designation	Period of last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MR. A. M. NAIK	71	Executive Director	5,95,293	M.Com., L.L.B. M.S. (Chicago) 46 Years	1.4.70	Hindustan Sanitary-ware & Ind. Ltd. Bahadurgarh Chief Executive	1963 - 1970
MR. A. K. BARIK	38	Dy. General Manager (T.S)	3,13,479	B.Sc. (Tech.) M.Tech. DIM. 11 Years	11.06.96	Reliance Ind. Ltd. Naroda, Ahmedabad. Asst. Manager (R&D)	1994 - 1996
MR. K. B. S. PACHLANGIA*	50	Executive Vice President UNIT - I	4,11,887	I.Com, ATA 28 Years	16.4.97	RSR Mohota Spg. & Wvg. Mills Ltd. Hinganghat V.P. (Tech.)	1983 - 1997
MR. N. D. GOEL *	50	President UNIT II	1,20,000	B.TEX.MBA 25 Years	1.1.98	Modern Threads (I) Ltd Bhilwara Executive Director	1995 - 1997
MR. RAJIV BEDI	40	General manager (Marketing)	3,33,460	B.A., M.B.A. 16 Years	19.10.96	Gujarat State Textile Corpn. Ahmedabad Chief Sales Exe.	1986 - 1996
MR. V. M. DESHMUKH*	50	Vice President UNIT-II	3,42,284	B.E.Mech. M.M.C., D.B.M. 27 Years	1.7.92	K.S.B. Pump Ltd. Pimpri, Pune Manager (S&P)	1969 - 1991
DR. Y. B. JOSHI	47	General Manager (HRD)	3,10,900	B.Sc., M.S.W., LLB, DIP.Trg./ Devp.Ph.D. 23 Years	27.03.97	Jaya Shree Insulators, Halol, G.M. (HRD)	1994 - 1996

\* Employed for part of the year

NOTE : (1) Employment is as per rules and regulations of the Company.

(2) Remuneration includes salary, allowances, Company's contribution to Provident Fund, Leave Travel Allowance and expenditure incurred on Medical and Housing facilities. The above employees, wherever applicable are also entitled to Gratuity as per payment of Gratuity Act, 1972.

(3) The above employees are in the permanent employment of the Company.

Place : Calcutta

Date : 24th June, 1998

on behalf of the Board  
(S.K.SOMANY)  
Chairman