





SOMA TEXTILES & INDUSTRIES LIMITED

BOARD OF DIRECTORS

SHRI S. K. SOMANY (Chairman)
SHRI A. K. SOMANY (Managing Director)
SHRI G. S. MANTRY
SHRI B. K. JHAJHARIA
SHRI M. K. GHOSH (Nominee Director-ICICI)
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 - 413 102.
DIST. PUNE

BRANCH

4-K, CONNAUGHT CIRCUS
NEW DELHI - 110 001



SOMA TEXTILES & INDUSTRIES LIMITED

NOTICE is hereby given that the Sixty-first 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 Tuesday, the 14th day of September, 1999 at 3-00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account 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 a Director in place of Shri G. S. Mantry, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 :

5. De-listing of Shares of the Company from Mumbai, Delhi and Ahmedabad Stock Exchanges:

As a Special Resolution

"RESOLVED THAT in view of no trading activities of the Company's securities during the last few years on the floor of Stock Exchanges at Mumbai, Delhi and Ahmedabad, where the Company's Equity Shares are listed, consent and approval of the Members be and are hereby accorded to the cancellation of listing and delisting of Company's securities from all or any of the Delhi Stock Exchange Association Ltd., the Stock Exchange Ahmedabad and the Stock Exchange Mumbai from 1st April, 2000 onwards as may be decided by the Board of Directors.

"FURTHER RESOLVED THAT 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 take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper".

6. Amendments to Articles, regarding Nomination & Transmission by Nominee:

As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

1. The following new Articles with marginal notes as indicated be inserted as Article 47A and 47B after the existing Article 47:

47A Nomination

1. Every shareholder or debentureholder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his/her shares in, or debentures of the Company shall vest in the event of his/her death.
2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his/her death, during the minority.

47B Transmission of Securities by nominee

A nominee, upon production of such evidence as may be required by the Board as per the relevant Law and subject as hereinafter provided, elect, either :

- (1) to be registered himself/herself as holder of the share or debenture, as the case may be; or
- (2) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
- (3) if the nominee elects to be registered as holder of the share or debenture, himself/herself, as the case may



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be, he/she shall deliver or send to the Company, a notice in writing signed by him / her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder as the case may be;

- (4) a nominee shall be entitled to the same dividends and other advantages to which he / she would be entitled to, if he/she were the registered holder of the share or debenture except that he/she shall not, before being registered as a member in respect of his/her share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of such share or debenture, until the requirements of the notice have been complied with.

Resolution U/s. 293(1) (a) of the Companies Act, 1956

As an Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Financial Institutions and subject to such other consents, sanctions, approvals or permissions, as may be necessary, the consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to sell, lease and otherwise dispose of the Plant and Machinery and other Fixed Assets, including and/or excluding land and building of the process departments of Ahmedabad Unit of the Company in the manner, as the Board may in its sole discretion deem fit and advantageous in the interest of the Company and the shareholders to such person, firm and/or company upon such terms and conditions and at such consideration and at such time or times as may be decided and agreed to by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise and approve any or all matters, relating to the proposed sale and/or lease and/or otherwise dispose of the Plant and Machinery and other Fixed Assets of the process departments of the Ahmedabad Unit of the Company and to do and perform all such acts, deeds, matters and things, as it may in its sole discretion, deem necessary and to sign and execute all such agreements, deeds, other documents and writings, as it may consider necessary, fit and proper for the purpose of giving effect to this resolution.

Registered Office :

2, Red Cross Place,
Calcutta - 700 001
Dated : 29th July, 1999

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

NOTES :

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to Item Nos. 5, 6 and 7 of the Notice 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, 1999 to 14th September, 1999 (both days inclusive).
4. Members are requested to notify change in their address in block letters, if any, quoting their folio number to the Company.
5. Members/Proxies are requested to bring their copies of the Annual Report at the Meeting.
6. 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, 1995 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 - 700 020.
7. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Members who have not encashed the dividend warrant (s) so far for the year ended 31st March, 1996 and for any subsequent year are requested to make their claims to the Company.
8. This Notice may also be treated as Separate Notice, informing all the members concerned individually 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.



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9. 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 holding in ONE FOLIO. Share Certificates will be returned to the members after making requisite change thereon.
10. The Company's securities are listed at
 - (i) The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Calcutta-700 001. (Regional Stock Exchange)
 - (ii) The Stock Exchange, Ahmedabad. Kamdhenu Complex, Opp. Sahjanand College, Panjara Pole, Ahmedabad-380015.
 - (iii) The Stock Exchange Mumbai, Phiroze Jeejeebhay Towers, Dalal Street, Mumbai-400 001.
 - (iv) The Delhi Stock Exchange Association Ltd., 324/4B, Asaf Ali Road, New Delhi-110 012.
 - (v) National Stock Exchange of India Ltd. Trade World, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. The Annual listing fee as prescribed has been paid to each of these Stock Exchanges.
11. Members are advised to address all correspondence to Shares Deptt. of the company at Rakhial Road, Ahmedabad-380 023.
12. Shareholders who wish to avail nomination facility may fill-in the enclosed nomination form and send it to the Company.

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

Item No. 5

In view of no trading activities of the Equity Shares of the Company at the Stock Exchanges at Mumbai, Delhi and Ahmedabad, during the last few years, the Board of Directors of the Company decided to delist the shares listed at the said Exchanges. Accordingly, the Board at its meeting held on Thursday, the 27th May, 1999, resolved to delist the company's Equity Shares from the Delhi Stock Exchange Association Ltd., The Stock Exchange Ahmedabad and The Stock Exchange Mumbai.

The delisting of Securities from the Stock Exchanges requires the members approval by a Special Resolution as per the guidelines on Delisting of Securities from the Stock Exchanges issued by Securities & Exchange Board of India. As such the Special Resolution set out in Item No. 5 of the convening notice is intended for seeking members approval and your Directors accordingly recommend the same.

None of the Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

Item No. 6

The Companies (Amendment) Act, 1999 has introduced through Section 109A & 109B the facility of nomination to Share / Debenture / deposit holders and transmission by the nominee. The holders of security of the Company have thus the option to nominate a person to whom the rights of Security holder shall vest in the event of death of the holder. The Board of Directors of the Company has felt it advisable to include such nomination and transmission clause in the Articles of Association of the Company.

It has thus necessitated to change the Articles of Association of the Company as proposed in the Resolution set out at Item No. 6 of the accompanying Notice.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection by the Members at the Registered Office, between 11.00 A.M. and 1.00 P.M. on any working day except holiday, up to and including the day of this meeting.

The Board recommends passing of this Resolution by the members of the Company.

No Director of the Company is concerned or interested in passing of this Resolution, except to the extent of his/her shareholdings.

Item No. 7

As per the existing Excise Duty structure, the composite mills are liable to pay higher excise duty by 8-10% compared to excise duty payable by independent process houses. This higher incidence of Excise Duty in case of composite mills in a recessionary market has made the processing activity unremunerative.

It has hence been decided to hive-off the process department (s) of company's Ahmedabad unit by way of sale/lease of plant & Machineries and other fixed assets. This will help the company to channelise its resources for more profitable avenues. Section 293 (1) (a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a public company shall not, except with the consent of the shareholders in the General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the under taking of the company or where the company own more than one undertaking, of the whole or substantially, the whole of any such undertaking.

Hence it is necessary to seek members approval under Section 293 (1) (a) of the Companies Act, 1956.

The Board accordingly recommends passing of this Resolution by the members.

None of the Directors, except Shri M. K. Ghosh, being nominee of ICICI who has 1st pari-pasu charge on the properties of the company is concerned or interested in this proposed Resolution.

Registered Office

2, Red Cross Place,
Calcutta - 700 001
Dated : 29th July, 1999

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



SOMA TEXTILES & INDUSTRIES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 61st Annual Report and the Audited Accounts of the Company for the year ended 31st March 1999.

FINANCIAL RESULTS

	1998-99	(Rs. in Lacs) 1997-98
TURNOVER	11126.27	12653.62
GROSS PROFIT	446.44	687.66
Less : Depreciation	634.32	607.73
	(187.88)	79.93
Provision for Income Tax	-	1.48
	(187.88)	78.45
Add : Balance brought forward	67.49	48.85
Excess Provision of Income Tax	0.03	-
Transferred from Investment	-	-
Allowance Reserve (Utilised)	47.15	-
Transferred from General Reserve	73.21	-
	187.88	48.85
	-	127.30
Less : Appropriation	-	-
Proposed Dividend	-	54.37
Tax on Dividend	-	5.44
Transfer to General Reserve	-	-
	-	59.81
Balance Carried to Balance Sheet	-	67.49

DIVIDEND

In view of the loss and the need to build a comprehensive financial strength in the long term interest of the company, the Directors do not recommend any dividend for the year under review.

WORKING

The depressed market conditions, poor economic growth, sluggish world economy and the continuing economic crisis in the South East Asian Countries have affected the turnover and profitability of the company to a considerable extent.

AHMEDABAD UNIT

During the financial year the Indian economy has been limping under demand slackness coupled with political uncertainty.

Adding to woes of the Industry, the Government of India introduces differential excise duty structure on fabrics between the composite mills and independent processors. This has put the composite mills in a sever disadvantage since with the new excise structure, the independent processors are paying lower excise duty to the extent of 8 to 10% as compared to composite mills.

The company has undertaken cost cutting exercise on all fronts especially energy and man power. This should yield results during the current year.



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100% E.O.U. AT BARAMATI

During the year the international market continued to be sluggish. The South East Asian market continued to suffer from the after effects of the economic turmoil and currency crisis. The prices and demand of cotton yarn in the international market remained subdued. This has affected the realisation and margins adversely.

PROSPECTS

The various measures taken by the Government for stabilisation and growth of the economy in general as announced in the recent budget, have started showing signs of improvement. After a long interval, the buyers in South Korea and Italy have again started showing interest in importing yarn from India, and your Company has been able to commence exports to these countries. This is expected to bring about substantial improvement in the realisations.

The various economic measures being taken by your Company should also help to bring about improved results in the coming year.

INFORMATION SYSTEM

Your Company has taken necessary steps to ensure Y2K compliance of the equipments deployed in Company's operations. Most of the equipments including Data Processing System and main applications have been made Y2K compliant, wherever required. The replacement and/or up-gradation of few equipments for Y2K compliance, as necessary, are expected to be completed in time. The cost involved is minimal.

INSURANCE

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

PUBLIC DEPOSITS

All Public Deposits matured up to 31.03.1999 have been repaid except 1 No. FDR of 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 S. K. Somany and Shri G. S. Mantry 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

The Company has no employees drawing a remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, during the year under review.

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 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 : 27th May, 1999

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



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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. Use of L. D. O. in place of H. S. D. has given us saving in cost of fuel and increase in efficiency in terms of kwh/Ltr. fuel consumption
- b. Elimination of use of steam in Humidification Plant by effective use of Air Circulation system and adjustment of blade angle, installation of FRP blades for Humidification Plant resulting into saving in power consumption.
- c. Effective and improved maintenance of electric motors has resulted in to higher motor efficiency.
- d. Effective maintenance and use of capacitor banks to improve power factor.
- e. Installation of latest state of art machines to reduce the power consumption per unit of output.
- f. Re-circulation of water for cooling tower started.
- g. Installation of Electronic Ballast in Spinning Dept. for lighting to reduce power consumption.

The saving is under evaluation.

Following measures shall be taken up by us to improve further :-

1. To conduct energy audit to find out potential areas for power saving.

- (B) The company is going for a Captive Power Plant to be run on H. F. O / R. F. O.

FORM - A (See Rule 2)

Form of disclosure of particulars with respect to Conservation of Energy.

A. Power and Fuel Consumption

1.	a. Purchased	Current Year	Previous Year
	Unit (in thousands)	25726 KWH	27136 KWH
	Total Amount (Rs. in Lacs)	986.16	959.25
	Rate / Unit (Rs.)	3.83	3.53
	b. Own Generation		
	- Through Diesel Generator		
	Unit (in thousands)	22887 KWH	23102 KWH
	Unit per Ltr. of Diesel	3.60 KWH	3.42 KWH
	Cost / Unit (Rs.)	2.20	2.45
	- Through Steam Turbine / Generator	N. A.	N. A.
2.	Coal-Lignite (specify quality & where used)	10527	12246
	Quantity (Tonnes)	130.54	148.13
	Total Cost (Rs. in Lacs)	1240.04	1209.58
3.	Furnace Oil	N. A.	N. A.
	Others / Internal Generation	N. A.	N. A.

B. Consumption per unit of Production

Products (with details)	Standard (if any)	Current Year	Previous Year
Cotton, man-made & Blended fabrics & Yarn.	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 products and varied processes.	



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FORM "B"

A. RESEARCH & DEVELOPMENT

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

1. Kerosene substitute was experimented in pigment printing in order to reduce pollution hazard and effluent load.
2. Synthetic oil instead of natural spindle oil at Ring Frame was experimented in order to save energy as well as cost.
3. Experimentation on Micro Denier Polyester Fibre has been planned and is under way.
4. Various types of Sizing Chemicals were tried with an aim to reduce effluents load and maintaining level of quality being same or further improved.
5. Pin Type beater are put on Unimax & E. R. M. Beaters in place of saw tooth type to reduce the damage of cotton fibres, to control the nep generation. Waste reduction is also achieved.
6. All the wire of Cards were changed to improve the carded quality and accordingly improvement in yarn quality.
7. On Ring-Frame rubber cots were changed from regular quality with special type cots of 63 shore hardness and improvement in yarn quality was found.
8. In Auto Coner, Blow - chamber modification were done on one M/c. and found reduction in waste production.
9. Yarn Package of Auto Coner changed to medium softness and weight / cone standardised. Moisture gain found improved.

2. BENEFITS DERIVED AS A RESULT OF R & D

1. Implementation of Batch Creeling System helps to reduce the infrequent faults in general and long thick faults in particular. It also helps to reduce the variability of yarn quality parameters.
2. Improvement in operator's practices, quality level of yarn, sizing beam quality at our Denim section has resulted substantial improvement in fresh packing as well as production.
3. As a cost improvement programme, double yarn selvage yarn on fabric has been phasedly eliminated to single yarn selvage yarn same as body.

3. FUTURE PLAN OF ACTION

1. Introduction of Centralised Air Filtration System for Blow Room and Cards in order to maintain the environment clean and healthy.
2. Modernisation of Process House with an aim to process higher width fabric such as suiting and drill.
3. Introduction of New Airjet Looms suitable for suitings and other high value fabric with high cover.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Introduction of 1 No. new latest Auto Winder with yarn Master - 800 electronic slub catchers at Unit No. 1
2. Upgradation of colour computer from Version Jaypack-4802 to Jaypack - 4806.
3. Introduction of Monocylinders and ERM cleaners on existing LR Blow Room Line for better cleaning efficiency and obtain small tuft size.
4. Introduction of various latest ranges of Maintenance equipments and accessories at Spinning Dept. for Unit No. 1 to keep pace with the latest modernisation measures of productive machines.
5. Rationalisation of workers and staff in a planned way.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Used Rs. 914.94 lacs, Earned Rs. 3504.99 lacs.

Place : Calcutta
Date : 27th May, 1999

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