



# SOMA TEXTILES & INDUSTRIES LIMITED

62nd  
Annual Report  
1999-2000



A SOMANY ENTERPRISE  
Making technology pay



ALL CORRESPONDENCE RELATED TO SHARES MAY PLEASE BE ADDRESSED TO  
THE SHARES DEPTS  
**SOMA TEXTILES & INDUSTRIES LIMITED**  
RAKHIAL ROAD,  
AHMEDABAD-380 023.



**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 Ltd.)  
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-second ANNUAL GENERAL MEETING of the Members of Soma Textiles & Industries Limited will be held at Jhajharia Conference Hall of Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Calcutta - 700 001 on Tuesday, the 26th day of September, 2000 at 2.00 p.m. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. 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 Resolution :

#### 3. VACANCY BY RETIREMENT ON ROTATION

As an Ordinary Resolution :

Resolved that the vacancy caused by the retirement of Shri B. K. Jhajharia, who retires by rotation at this AGM and who although eligible for re-appointment, does not seek re-appointment at this AGM, be not filled up.

#### 4. VACANCY BY RETIREMENT ON ROTATION

As an Ordinary Resolution :

Resolved that the vacancy caused by the retirement of Shri S. K. Jatia, who retires by rotation at this AGM and who although eligible for re-appointment, does not seek re-appointment at this AGM be not filled up.

#### 5. AMENDMENTS TO ARTICLES REGARDING DEMATERIALISATION OF SECURITIES

As a Special Resolution

RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended and/or altered by inserting the following Heading and Article as Article 15A after Article 15 :

#### DEMATERIALISATION OF SECURITIES

Definitions 15A

For the purpose of this Article :

"Beneficial Owner" means a person or persons whose name is recorded as such with a Depository ;

"SEBI" means the Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992;

"Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the SEBI Act, 1992 ;

"Depositories Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof ;

"Registered Owner" means a Depository whose name is entered as such in the records of the Company;

"Security" means such security as may be specified by the SEBI from time to time.

Dematerialisation/  
Rematerialisation  
of Securities

(2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/ rematerialise its securities and to offer securities in the dematerialised form pursuant to the Depositories Act and the Rules framed thereunder, if any.

Options for Investors

(3) Every person subscribing to Securities offered by the Company shall have the option to receive Security Certificates or to hold the Securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.



# SOMA TEXTILES & INDUSTRIES LIMITED

Securities in Depositories  
to be in fungible form

Transfer of Securities

Allotment of Securities  
dealt with a Depository

Distinctive Nos of Securities  
held in a Depository

Register and Index  
of Beneficial owners

Rights of Depositories  
and Beneficial owners

Service of documents

**Registered Office :**  
2, Red Cross Place,  
Calcutta - 700 001.  
Dated: 29th July, 2000

- Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- (4) All securities held by a Depository shall be dematerialised and shall be in fungible form. No Certificate shall be issued for the securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956 shall apply to a depository in respect of the Securities held by it on behalf of the beneficial owners.
  - (5) Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in the records of a Depository.
  - (6) Notwithstanding any thing contained in the Act or these Articles, where the securities are dealt with in or by a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository immediately on allotment of such securities.
  - (7) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
  - (8) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purposes of these Articles.
  - (9) (a) Notwithstanding anything to the contrary contained in the Companies Act, 1956 or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.  
(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.  
(c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities which are held in or by the Depository.
  - (10) Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the company by means of electronic mode or by delivery of 'floppies or discs.'

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



## SOMA TEXTILES & INDUSTRIES LIMITED

### NOTES :

1. An Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 relating to Item Nos. 3,4 and 5 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 A POLL, INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A 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, 2000 to 26th September, 2000 (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 for and upto the financial year ended 31st March, 1995 have already been transferred 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 for the financial year ended 31st March, 1996 and thereafter remaining unclaimed for a period of seven (7) years from the date of payment or transfer of Dividend to the Unpaid Dividend account of the Company will be transferred to the Investor Education and Protection Fund established by the Central Government.  
Members who have not yet claimed their dividend for the year ended 31st March, 1996 and for any subsequent year are requested to make their claims to the Company.  
It may be noted that no claim shall lie against the Company or the said fund in respect of individual amounts which remain unclaimed and unpaid for a period of 7 years from the date of payment and are transferred to the said fund and no payment shall be made in respect of any such claim.
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.
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 holdings in ONE FOLIO. Share Certificates will be returned to the members after making requisite change thereon.
10. Members are requested to intimate to the Company, query (ies), if any, on the Accounts and operation atleast 10 days before the Meeting to keep the information ready at the meeting.
11. The Company's securities are listed at
  - (i) The Calcutta Stock Exchange Association Limited  
7, Lyons Range, Calcutta - 700 001  
(Regional Stock Exchange)
  - (ii) The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001
  - (iii) National Stock Exchange of India Limited  
Trade World, Senapati Bapat Marg,  
Lower Parel, Mumbai - 400 013.
 The Annual list fee as prescribed has been paid to each of these Stock Exchanges.
12. Shareholders, who wish to avail nomination facilities, are requested to write to the Company.
13. Members are advised to make all their correspondence relating to shares and shares related matters

**SOMA TEXTILES & INDUSTRIES LIMITED**

to the Share Department of the Company at RAKHIAL ROAD, AHMEDABAD - 380 023.

***Explanatory Statement Under Section 173(2) of the Companies Act, 1956*****Item Nos. 3 & 4 :**

In terms of the relevant provisions of the Companies Act, 1956 Shri B. K. Jajharia and Shri S. K. Jatia, Directors of the Company retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. At the Meeting of the Board held on 29th July, 2000 Shri Jhajharia has expressed his unwillingness to offer himself for re-appointment as a Director of the Company because of his ill health.

Shri S. K. Jatia has also expressed his desire to retire from the Board and not to offer himself for re-appointment owing to his busy schedules and pre-occupation.

The Board while acceding to the request of Shri Jhajharia and Shri Jatia has proposed that the vacancies on the Board so caused be not filled up for the present.

The Board has placed on record its sincere appreciation of the invaluable services rendered by both of them during their association as Directors of the Company.

**Item No. 5**

With the introduction of the Depositories Act, 1996 and the Depository system there have been significant amendments in the provisions of the Companies Act, 1956 and the Securities Contract (Regulation) Act, 1956 (hereinafter collectively referred to as the Acts) relating to issue, holding, transfer, transmission and dealing in securities in dematerialised form so as to facilitate the implementation and introduction of the Depository system.

The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in securities of a Company. Depository system is indeed time tested and long prevalent in many advanced countries and has been playing a significant role in Stock Market around the world.

Securities and Exchange Board of India vide its circular bearing reference No. SMDRP / POLICY / CIR - 23/ 2000 dated May 29, 2000 has decided to add scrips of few Companies for compulsory dematerialised trading and your Company is one amongst the few Companies.

It is therefore proposed to suitably amend the Articles of the Company, as contained in the Resolution to bring the provisions of the Articles of Association in consonance with the provisions of the Companies Act, 1956 and to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owner of the securities in such a system.

The Board of Directors recommend the passing of the Special Resolution as set out in Item No. 5 of the accompanying Notice.

A copy of the existing Articles of Association of the Company together with the proposed amendments will be open for inspection by the Members at the Registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day (excluding holidays) prior to the date of the Annual General Meeting and will also be available for inspection at the Meeting.

None of the Directors of the Company is concerned or interested in passing of this Special Resolution.

**Registered Office :**

2, Red Cross Place,  
Calcutta - 700 001.

Dated: 29th July, 2000

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



## SOMA TEXTILES & INDUSTRIES LIMITED

### DIRECTORS' REPORT

Your Directors have pleasure in presenting the 62nd Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

### FINANCIAL RESULTS

	1999-2000	(Rupees in lacs)	
		1998-1999	
<b>TURNOVER</b>	<b>12782.32</b>		11170.06
<b>GROSS PROFIT</b>	<b>206.01</b>		446.44
Less : Depreciation	<u>657.66</u>		<u>634.32</u>
	<b>(451.65)</b>		<b>(187.88)</b>
Add. : - Balance brought forward	-	67.49	
- Excess Provision of Income Tax	-	0.03	
- Transferred from Investment Allowance	<b>3.11</b>	-	
- Transferred from Investment Allowance Reserve (Utilised)	<b>13.20</b>	47.15	
- Transferred from General Reserve	<b>435.34</b>	<b>451.65</b>	73.21
			<b>187.88</b>
Balance Carried to Balance Sheet			

### 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

There was no let up in the recessionary trend experienced by the Textile Industry during the last few years. The depressed Export Market and the steep competition from the unorganised sector resulted in further erosion in the profitability of the Company.

### AHMEDABAD UNIT

The very wide difference between the Excise Duties paid by the independent process houses and the Textile Industry created severe competition and resulted in the Company selling some of its products at un-remunerative prices. The International Market of Denim was greatly depressed due to over-production and your Company was forced to sell at below cost in order to market its production. Despite adverse conditions, the Unit's turnover increased to Rs. 6626 lacs compared to Rs. 6165 lacs in the previous year. This Unit is heavily burdened with high interest cost at which the existing loans were sanctioned and your Company has plan to approach Financial Institutions for reduction in the rate of interest in view of the lower interest rates now prevailing.

### 100% E.O.U. AT BARAMATI

The quality of the indigenous cotton crop during the year 1999-2000 was severely affected due to the untimely monsoon. Consequently, your Company was forced to alter its production pattern and had no alternative but to use imported cotton at relatively higher prices to maintain its quality parameters. Coupled with this, the price of fuel substantially increased in later part of the financial year. This has affected the bottom line adversely. Although the European Market continued to be sluggish, there was a revival in the South East Asian Market and your





## SOMA TEXTILES & INDUSTRIES LIMITED

Company was able to export its products in that region. There was practically no improvement in the export prices; but in view of the change in the product mix, the turnover of this Unit increased to Rs. 6108 lacs compared to Rs. 4929 lacs in the previous year.

### PROSPECTS

The delay in the onset of monsoon in the Western and Southern parts of our country is a cause of great concern. A normal monsoon coupled with signs of improvement in the economy should result in an improved performance by your company during the current year.

There has been considerable change in the width of the fabrics presently produced by the Company as the demand now is for a fabric width of 150 CM against 90 CM which the Company was producing in bulk. Consequently, the Company has approached the financial institutions for loans under TUFs to replace some of its Ruti-C Looms with High Speed Rapier Looms and shall be equipping its Process House also to process Wide Width Fabrics to cater to the changed demand pattern. This is expected to bring about better performance.

### INFORMATION SYSTEM

Compliance to Y2K was very smooth and the company did not face any problem.

### INSURANCE

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

### PUBLIC DEPOSIT

The company did not accept any Fixed Deposit during the year. All public Deposits matured upto 31-3-2000 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 B. K. Jhaharia and Shri S. K. Jatia, Directors of the Company retire from the Board by rotation at the ensuing Annual General Meeting. Both the Directors, although eligible for re-appointment, have expressed their desire to retire from the Board and are therefore not seeking re-appointment. The Board places on record its sincere appreciation of the valuable service rendered by Shri Jhaharia and Shri Jatia during their tenure as Members of the Board. The Board does not propose to consider to fill-up the vacancies, so caused, on the Board.

### AUDITORS

M/s. Pipara & Company, 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 employee 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 Form A and B are annexed hereto.

### DELISTING OF SHARES

All the formalities for delisting of Shares of the Company from The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Ltd., in terms of Special Resolution passed at the Annual General Meeting held on 14th September, 1999 have been completed. The Company's Shares continue to be listed on The Calcutta Stock Exchange Association Ltd., The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

### APPRECIATION

Your Directors express their grateful appreciation for the timely assistance and cooperation extended to the Company by the Financial Institutions, Banks, Govt. of Gujarat and Govt. of Maharashtra. 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.

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

Place : Calcutta

Dated : 29th July, 2000