



# SOMA TEXTILES & INDUSTRIES LIMITED

64th  
Annual Report  
2001-2002



A SOMANY ENTERPRISE

Building Tomorrow's Day



**SOMA TEXTILES & INDUSTRIES LIMITED****BOARD OF DIRECTORS**

SHRI S. K. SOMANY (Chairman)  
SHRI A. K. SOMANY (Managing Director)  
SHRI G. S. MANTRY  
SHRI SHREEKANT SOMANY  
SHRI P. BANDYOPADHYAY (Executive Director)  
SHRI R. S. VERMA (Executive Director)  
SHRI PIYUSH BHATIA (Nominee Director-ICICI Ltd.)

**SECRETARY**

SHRI R. S. SHARMA

**AUDITORS**

PIPARA & COMPANY  
AHMEDABAD

**BANKERS**

DENA BANK  
STATE BANK OF INDIA

**REGISTERED OFFICE**

2, RED CROSS PLACE,  
KOLKATA - 700 001.

**WORKS**

- 1) RAKHIAL ROAD,  
AHMEDABAD-380023.
- 2) PLOT NO. D-49, MIDC,  
BARAMATI - 413 102.  
DIST. PUNE

**BRANCH**

4-K, CONNAUGHT CIRCUS,  
NEW DELHI - 110 001

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## SOMA TEXTILES & INDUSTRIES LIMITED

### NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Fourth ANNUAL GENERAL MEETING of the Members of Soma Textiles & Industries Limited will be held at Jhaharia Committee Room of Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Calcutta - 700 001 on, Wednesday, the 11th day of September, 2002 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, 2002 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 G. S. Mantry, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 :-

4. As an Ordinary Resolution

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

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof), subject to all such approvals and/or sanctions as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri A. K. Somany, as a Non-rotating Director of the Company, designated as "Managing Director", 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 5 (five) years with effect from 22nd January, 2003 on existing remuneration by way of salary, commission, perquisites and allowances and on the existing terms, conditions and stipulations as are set out in the draft agreement to be entered into between the Company and Shri A. K. Somany, extract of which is also set out in the Explanatory Statement, attached to the Notice of 64th Annual General Meeting, and a draft whereof is placed before this meeting and for the purpose of identification, is subscribed by the Chairman which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration and/or agreement as may be agreed to between the Board 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 Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time.

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 of, upto 20% of the last drawn salary, as the Board may consider fit and proper for Shri Somany.

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 notwithstanding anything contained herein above wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay the Managing Director minimum remuneration per month by way of salary, perquisites, dearness allowance and any other allowances subject to the maximum ceiling calculated in accordance with the scale laid down in Section II of 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.

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 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 re-enactment 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

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

Dated, the 29<sup>th</sup> June, 2002

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 No.4 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 Tuesday, the 3<sup>rd</sup> September, 2002 to Wednesday, the 11<sup>th</sup> September, 2002 (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 31<sup>st</sup> 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, 11<sup>th</sup> MSO Building, 234/4 A.J.C. Bose Road, Kolkata - 700 020 by submitting an application in Form II, prescribed under the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government), Rules 1978 as amended upto date.
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 31<sup>st</sup> March, 1996 and thereafter, (no dividend after the financial year ended 31<sup>st</sup> March, 1998 and upto 31<sup>st</sup> March 2002) 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 31<sup>st</sup> March, 1996 and 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 were unclaimed and unpaid for a period of 7 years from the date of payment and 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 operations at least 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, Kolkata - 700 001 (Regional Stock Exchange)
  - (ii) The Stock Exchange, Mumbai  
Pairoze Jeejeebhoy Towers, 1<sup>st</sup> Floor, New Trading Ring Rotunda, Dalal Street, Mumbai - 400 001
  - (iii) National Stock Exchange of India Limited  
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
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 to the Share Department of the Company at RAKHIAL ROAD, AHMEDABAD-380 023.



## SOMA TEXTILES & INDUSTRIES LIMITED

14. Equity Shares of the Company have been included in the List of Securities for compulsory trading in dematerial form for all investors with effect from 29th January, 2001 and the ISIN No. is INE 314C01013. Members are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
15. Members who hold shares in dematerialised form are requested to bring their depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.

### **BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.**

#### **Shri G. S. Mantry**

Shri G. S. Mantry retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Shri Mantry, aged about 74 years, has been continuing as Director of the Company since 29th September 1962. He is a member of The Calcutta Stock Exchange Association Ltd. He is also an Ex-President of the Calcutta Stock Exchange Association Limited (CSEA) and was member of CSEA Board for more than twenty years. He brings with him a wide and varied experience of over 50 years in the Capital Market. He is a member of Remuneration Committee constituted by the Board of Directors of the Company and also holds Directorship in International Conveyer Limited. The Board considers that the Company would be benefited from his experience and knowledge and recommends his re-appointment as Director on the Board of the Company, under Item No. 2 of the Agenda of accompanying Notice of the 64th Annual General Meeting of the Members of the Company.

#### **Shri A. K. Somany**

Shri A. K. Somany, aged about 47 years, is an Industrialist and presently Managing Director of the Company. He is a Science Graduate (B.Sc.) and also holds a Diploma 'MIMA'. Shri Somany has been extensively involved with the Textile Industry for around 25 years. He possesses a rich background and rich blend of experience and expertise in this segment of Industry. He has been continuing as Managing Director of the Company since 21st January 1988. He holds Directorship in Somany Evergreen Knits Ltd., Pee Vee Industries Ltd., Pudumjee Agro Industries Ltd. and Krishnaa Glass Ltd. He is also a member of Share Transfer and Shareholders/Investors' Grievance Committee of Directors of the Company. His present term as Managing Director expires by efflux of time on 21st January 2003.

The Board, in view of Shri Somany's long association and extensive involvement with the Textiles Industry, considers it desirable to continue to receive benefits out of his knowledge and experience and recommends the appointment of Shri Somany, as Managing Director for the next five year-term effective from 22nd January 2003 vide a Resolution set out under Item No. 4 of the accompanying Notice of the 64th Annual General Meeting of the Members of the Company.

### **EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **ITEM NO. 4**

The Present term of Shri A. K. Somany ('Shri Somany') as non-rotating Managing Director of the Company, not liable to retire by rotation, will expire by efflux of time on 21st January, 2003. The Board of Directors has at its meeting held on 29th June, 2002, reappointed Shri Somany as non-rotating Managing Director of the Company for a fresh term of 5 year commencing on and from 22nd January 2003 and upto 21st January 2008. His appointment and remuneration fixed in accordance with Schedule XIII to the Companies Act, 1956, ('the Act'), are subject to the approval of the Shareholders for which purpose Resolution as set out under item No.4 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 to 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, at the recommendation of the Remuneration Committee, consider and grant an Annual increment of, 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 Sri 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 of clubs and personal accident insurance. These may be provided for as under :



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### 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 percent payable by Shri Somany.
- (ii) In case the accommodation is owned by the Company, 10 (ten) percent 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).

### 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) percent of the salary of Shri Somany.

### MEDICAL REIMBURSEMENT

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

### LEAVE TRAVEL CONCESSION

For Shri Somany 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 Rs.10,000/- per annum.

### OTHER BENEFITS & ALLOWANCES

Any other benefits, facilities and allowances as may be available and allowed to Shri Somany 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 Shri Somany.

### 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.

### 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 Shri Somany.

### 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 Section 198 and 309 and other applicable provisions 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 in any financial year during the currency of tenure of office of Shri Somany, the Company may pay him remuneration by way of salary, perquisites and allowances as specified above subject to the limits laid down under Section II of Part II of Schedule XIII to the Companies Act, 1956 now in force and as may be amended from time to time.

The perquisites specified in paragraph 2 of Section II of Part II of Schedule XIII to the Act, however shall not





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be included in the computation of the ceiling on the minimum remuneration specified under Para I of Section II of Part II of Schedule XIII to the Act.

### SITTING FEE

Shri Somany 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.

### OTHER TERMS

Shri Somany 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 or secrets, processes of the Company and shall during the continuance of his employment hereunder use his best endeavors to prevent any other person from doing so.

Shri Somany hereby undertakes that so long as he functions as the Managing Director of the Company he shall not become interested or otherwise concerned directly or indirectly, or through his wife and/or minor children 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 appointments and remunerations from time to time within the limits laid down in Schedule XIII to the Act.

### RETIREMENT BY ROTATION

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

### TERMINATION

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

### SERVICE OF NOTICE

Any notice to be given hereunder shall be sufficiently given or served in the case of Shri Somany by being delivered either personally to him or left for him at his address last known 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 Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 an Ordinary Resolution in terms as set out in item No. 4 of the accompanying Notice is now being placed before the Members for their approval. The Board recommends passing of the Resolutions set out in item No.4 of the accompanying Notice.

### MEMORANDUM OF INTEREST

Save and except Shri S. K. Somany and Shri A. K. Somany, being close relatives to each other, none of the 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 appointment as Managing Director is available for inspection of the Members at the Registered Office of the Company on any working day between 12-00 A.M. and 2-00 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 appointment and remuneration payable to Shri Somany as Managing Director of the Company, as set out in the Agreement and Explanatory Statement, duly annexed to the accompanying Notice should be treated as an "ABSTRACT" of the terms of his appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Registered Office:  
2, Red Cross Place,  
Kolkata - 700 001  
Dated, the 29th June, 2002

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



# SOMA TEXTILES & INDUSTRIES LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 64th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2002.

## FINANCIAL RESULTS.

	2001-2002	(Rupees in lacs) 2000-2001
<b>TURNOVER</b>	<b>12,804.18</b>	<b>12,775.53</b>
Profit Before Depreciation	42.09	156.04
Less: Depreciation	650.17	658.65
	(608.08)	(502.61)
Add: - Transferred from General Reserve	58.49	502.61
Balance Carried to Balance Sheet	(549.59)	-

## TWO CATASTROPHES

The attack on the World Trade Centre in the USA on 11<sup>th</sup> September, 2001 and the Communal Riots, which started on the 28<sup>th</sup> of February, 2002, have considerably affected the profitability of the Company.

## DIVIDEND

In view of the loss and the need to conserve resources, the Directors do not recommend any dividend for the year 2001-2002.

## REVIEW OF OPERATIONS

The Textile Industry continued to be affected by World-wide recessionary trend. The cost of cotton during the first half of the year was high, but due to the substantial reduction in cotton price in the USA, the price of indigenous cotton came down to reasonable level in parity with world prices.

## AHMEDABAD UNIT

The year under review started with the effects of the devastating earth-quake on 26<sup>th</sup> January, 2001. Normal production was achieved only after the workers, who had left for their native places immediately after the earthquake, returned back.

It is for the first time that the Government of India realized the problem faced by the Textile Industry and made some changes in the Excise Duty structure in the Union Budget. Excise Duty on Fabrics was reduced from 16% to 12%. The Stenter Duty on Independent Process Houses was removed and a concessional rate of Excise Duty on advalorem basis was put on the Independent Process Houses. However, there still remains a substantial difference between the Excise Duty paid by the Composite Textiles Mills and Independent Process Houses.

However, the market for Denim, which was extremely slack during the last three years, revived and helped the company in generating profits. Fortunately, in spite of no assistance from the Financial Institutions, your Company installed wide width looms capable of manufacturing Denim and thus, substantially increased its production of Denim from June, 2001. Unfortunately, the Company had to face abnormal conditions due to the communal riots which started on 28<sup>th</sup> of February, 2002. For the first 8 days, there was no production and, thereafter, slowly production commenced. However, average production achieved after the riots was approximately 85%. Although, the Turnover has been higher when compared to the previous year, it would have been still more, had there been no loss in production, which has resulted in lower profitability. Due to unstable marketing conditions, the stock of finished goods at the end of the year was the highest in the record of the company.

The rationalization scheme of your Company has made good progress and there has been a reduction of over 15% in the daily employment of workers in this Unit.

The Export of Fabrics increased from Rs.512 Lakhs. to Rs. 675 Lakhs during this year.

## BARAMATI UNIT (100% EOU)

Exports after the 11<sup>th</sup> of September, 2001 practically stopped due to the after effect of the attack on the World Trade Centre in the USA. Customers either requested for delay in shipments or did not open L/Cs in time, which affected shipments. Export prices came down due to uncertain World conditions.

There has been considerable change in the pattern of requirement of yarn by importing countries. They now require contamination free cotton yarn. Unfortunately, our Government has done practically nothing to improve the quality of Ginning to remove the contamination. Thus, your company has been left with no other alternative, but to increase its dependency on American and or Australian Cottons, which are contamination





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free, to meet the requirements of the buyers.

In spite of the above adverse factors, the Turnover of this Unit marginally reduced from Rs.62.33 Crores to Rs. 59.27 Crores.

### PROSPECTS

The Government of India has allowed sowing of B.T. Cotton in some areas, which is expected to substantially increase the yield per hectare. It is anticipated that during the near future production of cotton in India, which is presently stagnant at approx. 155 Lakhs bales per annum, would increase to over 200 Lakhs bales per annum with the increase in the sowing of B.T. Cotton. Along with this, if proper measures are taken to eliminate the contamination in the indigenous cotton, exports from our country would become more competitive and would not be affected by the WTO Agreement, removing Quota restrictions from the year 2005.

### INSURANCE

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

### FINANCIAL RESTRUCTURING

During the year, the Company had approached the Financial Institutions for restructuring the loans taken from them and also for reduction in the interest rates. The ICICI Ltd., the Lead Institution, have restructured the loan and the last payment would now be made in January, 2011. The rate of interest, which was 15.75% has been brought down to 11.5%.

The Industrial Development Bank of India (IDBI) have also restructured the loan. The last payment would be made in January, 2011.

To help the Company, both these Institutions have been kind enough to convert a part of the loan into Equity and or Optionally Fully Convertible Debentures for a total amount of Rs.674 Lakhs.

### PUBLIC DEPOSIT

The company did not accept any Fixed Deposit during the year. All public Deposits matured upto 31.03.2002 have been repaid except 1 No. FDR of Rs.11,000/-, matured but not claimed.

### AUDITOR'S 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 Accounts.

### DIRECTORS

In terms of the provisions of Articles of Association, Shri G. S. Mantry retires from office by rotation at the forthcoming Annual General meeting; and being eligible, offers himself for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed -

- (i) that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the company for the year under review;
- (iii) that the directors have taken proper and sufficient care 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 directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2002 on a 'going concern' basis.

### CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT

Your Company is committed to achieving the best standards of corporate governance. To achieve this, your Company is thriving to adopt best practices in corporate governance. Your Company has implemented and complied with the recommendation of the code of Corporate Governance. The compliance report on various recommendation made by the committee is provided in this report elsewhere.

### AUDITORS

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



## SOMA TEXTILES & INDUSTRIES LIMITED

### COST AUDIT

The Board, pursuant to the Government's directive under section 233 B of the Companies Act, 1956, have appointed M/s. N. D. Birla & Co., Cost Accountants, Ahmedabad, as Cost Auditors of the Company with due approval of the Central Government for audit of cost records maintained by the Company relating to manufacturing of textiles for the Financial Year 2002-2003.

### 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 Form A and B are annexed hereto.

### LISTING OF SHARES

The Equity Shares of the Company are listed on the following Stock Exchanges :

Name	Address
1. The Bombay Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 023.
2. The Calcutta Stock Exchange Association Ltd.	7, Lyons Range, Kolkata - 700 001.
3. National Stock Exchange of India Ltd.	Exchange Plaza, 5th Floor, Plot No.C/1 G-Block Bandra Kurla Complex Bandra (East) Mumbai - 400 051.

The Company has paid Annual Listing Fees for the year 2002-2003 to the above mentioned Stock Exchanges.

### DELISTING OF SHARES

The Shares of the Company have been de-listed from the Ahmedabad Stock Exchange. Confirmation of Delistment from Delhi Stock Exchange Association Limited, is yet to be received.

### COMPULSORY DEMATERIALISATION OF SHARES

As per SEBI Guidelines, your Company's Shares have been compulsorily dematerialised from 29<sup>th</sup> January, 2001. The Company has accordingly entered into an Agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to facilitate holding and trading of the Company's shares in electronic form vide ISIN No.INE314CO1013. Shareholders are requested to get the share certificates demated for their convenience and easy liquidity.

### 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. The Directors are also thankful to the shareholders for their continued support to the Company.

Place : Ahmedabad.

Dated : 29th June, 2002

### 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

The Company is focused on Energy Conservation and considers the same as a Key Component in its overall strategy for remaining competitive. Energy Conservation features are maintained and improved continuously in normal plant operations.

Rigorous studies are conducted to analyse the quantitative energy conservation and results are scrutinized. The Company regularly benchmarks its energy conservation level with the standards of Research Institutes and constantly works towards further improvements.

Successful conservation efforts during the year include.

a. Use of L.D.O. in place of H.S.D.

In addition to this, the Company 100% EOU, has planned to convert its D.G.Sets suitable for operation with Furnace Oil and we have already placed order and the work is in progress. This will reduce power cost in coming years.

On behalf of the Board

(S. K. SOMANY)

Chairman