

73rd Annual Report 2010 - 2011

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SOMA TEXTILES & INDUSTRIES LIMITED



73rd Annual Report 2010-2011

BOARD OF DIRECTORS

Shri S. K. Somany	(Chairman)
Shri A. K. Somany	(Managing Director)
Shri Shrikant Bhat	(Executive Director)
Shri B. L. Dhoot	
Shri B. K. Hurkat	
Shri Anoop Sharma	(Nominee Director - IDBI Bank Limited)

COMPANY SECRETARY

Shri R. S. Sharma

AUDITORS

Pipara & Company
Chartered Accountants
"Pipara Corporate House",
Near Gruh Finance,
Netaji Marg, Law Garden,
Ahmedabad-380006.

BANKERS

Dena Bank
State Bank of India

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Ph. No. : 033-22487406/07

WORKS

- 1) Rakhial Road, Ahmedabad - 380 023
- 2) Plot No. D-49, MIDC, Baramati - 413 133,
Dist. Pune, Maharashtra

REGISTRAR & TRANSFER AGENT

Sharepro Services (India) Pvt. Limited
13 AB, Samitha Warehousing Complex,
Sakinaka Telephone Lane, Sakinaka,
Andheri East, Mumbai-400 072
Ph. No. : 022-67720300/67720400

BRANCH OFFICE AT :

Devnandan Mega Mall, Office No. 416-420,
4th Floor, Opp. Sanyas Ashram,
Ashram Road, Ahmedabad-380 006
Phone No. : 079 - 2682381/82/83/84

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**NOTICE OF THE 73rd ANNUAL GENERAL MEETING TO THE SHAREHOLDERS**

NOTICE is hereby given that the Seventy Third (73rd) 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, Kolkata – 700 001 on, Friday, the 2nd day of September, 2011 at 2:30 P.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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 B. K. Hurkat, 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. Revision in remuneration of Managing Director**(As a Special Resolution)**

"RESOLVED THAT in partial modification of Resolution passed at the 72nd Annual General Meeting ("AGM") of the Company held on 13th September, 2010 for the re-appointment and terms of remuneration of Shri A. K. Somany ("Shri Somany"), as Managing Director of the Company for a period of 3 (three) years with effect from 22nd January, 2011 to 21st January, 2014 and in accordance with the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 (the Act), the Company hereby approves the revision and variation in terms of remuneration of Shri Somany payable to him by way of salary, commission on net profits, perquisites and allowances within and upto the maximum limit as determined and fixed by the Board and approved herein by the Shareholders by virtue of this Resolution, subject to the condition that the remuneration payable to Shri Somany shall not exceed the maximum permissible limit prescribed under Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII to the Act with effect from 1st April, 2011, for the remainder of the tenure of his appointment for the period from 1st April, 2011 to 21st January, 2014 and to the extent as have been approved by the Board of Directors and as set out in the Explanatory Statement annexed to the Notice convening the 73rd AGM forming part of this resolution and contained in the Draft Supplemental Agreement to be entered into between Shri Somany and the Company, a draft of which is submitted to this meeting and for the purpose of identification signed by the Chairman thereof, which Draft Supplemental Agreement is hereby approved and sanctioned."

"RESOLVED FURTHER THAT the present ceiling on annual increment of Shri Somany, upto 20% of his last drawn/ existing salary, due and payable to him with effect from 1st April, each year, and the present ceiling on commission on net profits payable to Shri Somany @ 1% (One percent) of the net profits of the Company for each financial year computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956, subject however to a ceiling of his annual salary upon his re-appointment as Managing Director of the Company for a period of 3 (Three) years commence from 22nd January, 2011 and ending on 21st January, 2014, vide a Special Resolution passed by the Company at its 72nd AGM held on 13th September, 2010, be and are hereby removed and deleted with effect from 1st April, 2011, till the expiry of his tenure ending on 21st January, 2014."

"RESOLVED FURTHER THAT the ceiling on perquisites and allowances, payable to Shri Somany restricted to an amount equal to his annual salary or Rs. 4,50,000/- per annum, whichever is less, be and is hereby revised to the extent hereinbelow :-

'The words "or Rs. 4,50,000/- per annum, whichever is less" appearing in the concluding part of first para under the head 'PERQUISITES', as specified in the Explanatory Statement attached to the Notice of 72nd AGM in regard to Special Resolution passed at the said AGM held on 13th September, 2010, relating to re-appointment of Shri Somany as Managing Director of the Company for the period from 22nd January, 2011 to 21st January, 2014 be and the same is hereby removed and deleted with effect from 1st April, 2011, till the expiry of his tenure ending on 21st January, 2014."

"RESOLVED FURTHER THAT, save and except to the extent remuneration herein revised, all other existing terms, conditions and stipulations relating to his re-appointment and the terms of remuneration, as contained in the principal Agreement dated 1st February, 2011, entered into between Shri Somany and the Company and contained in the Explanatory Statement attached to the Notice dated 29th May, 2010, convening the 72nd AGM of the Company, which had been approved by the Shareholders at the said 72nd AGM, held on 13th September, 2010, shall remain in full force and unchanged."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to determine, fix and revise the remuneration comprising of salary, commission on net profits, perquisites and allowances at its discretion from time to time by way of increment(s)/ accelerated increment(s) or by way of revision of the remuneration package or otherwise, within and upto the maximum limit as set out in the Explanatory Statement annexed to this Notice of 73rd AGM and contained in the Draft Supplementary Agreement referred to hereinabove and as approved herein by the Members under this resolution to the extent, as recommended by the Remuneration Committee of the Board and/or the Board, may deem fit and proper, subject to the same not exceeding the overall limit prescribed under Sections 198 and 309 of the Act, including Schedule XIII to the Act or other statutory modification(s) or re-enactment thereof without any further reference to the members of the Company in the General Meeting and accordingly the terms of the aforesaid draft agreement between the Company and Shri Somany shall be suitably modified to give effect to such variation or increase as the case may be."

"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove where in 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 the existing remuneration as "Minimum Remuneration" per month by way of salary, perquisites and allowance subject to and within the maximum permissible limit laid down in Clause (A) and (B) of Para 1 of 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 or such other limits as may be prescribed by the Central Government from time to time as to Minimum Remuneration."

"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove in the event of loss or absence or inadequacy of profits in any financial year during the tenure of Shri Somany the Company may pay the existing remuneration to Shri Somany as "Minimum Remuneration", the total of which may exceed the ceiling limit as specified in Clause (C) of Para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any amendment, modification, variation or reenactment thereof subject, however, upon obtaining the prior approval of Central Government."

"RESOLVED FURTHER THAT the remuneration payable to Shri Somany as set out in Draft Supplementary Agreement and also in the Explanatory Statement annexed to the Notice of 73rd AGM and referred to herein above will be subject to such modifications/amendments/changes as the Central Government may suggest or require or direct and which the Board of Directors/Remuneration Committee is authorized to accept on behalf of the Company and as may be acceptable to Shri Somany."

"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, increase, enhance or widen the scope of remuneration including salary, commission, perquisites and/or allowances to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule XIII to the said Act and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

"AND RESOLVED FURTHER THAT the Chairman or any one of the Directors of the Company, be and is hereby authorised to approve, finalise, sign and execute the agreement and such other documents, papers and writings as may be required in this regard and to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient for giving effect to this resolution."

5. Revision in remuneration of Whole-time Director

(As a Special Resolution)

"RESOLVED THAT in partial modification of Resolution passed at the 70th Annual General Meeting ("AGM") of the Company held on 4th September, 2008 concerning the appointment and terms of remuneration of Shri Shrikant Bhat (Shri Bhat), upon his appointment as Whole-time Director of the Company designated as Executive Director for a term of 5(five) years, commencing from 18th January, 2008 and ending on 17th January, 2013 and in conformity with the provisions of Sections 198, 269, 309, 310 and all other applicable provisions if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII to the Act, the Company hereby approves of the revision in the amount of remuneration inclusive of salary, bonus/ex-gratia in lieu of bonus, perquisites and allowances within and upto the limit as determined and fixed by the Board and approved herein by the Shareholders by virtue of this Resolution, subject to the condition that the remuneration payable to Shri Bhat, shall not exceed the maximum permissible limit prescribed under Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII to the Act with effect from 1st April, 2011 for the remainder of the tenure of his office from 1st April, 2011 to 17th January, 2013, to the extent as have been approved by the Board of Directors and as set out in the Explanatory Statement annexed to this Notice convening this 73rd AGM forming part of this Resolution and contained in the Draft Supplemental Agreement to be entered into the Company and Shri Bhat, a draft of which is placed before this meeting and initiated by the Chairman for the purpose of identification, which Draft Supplemental Agreement is hereby approved and sanctioned."



"RESOLVE FURTHER THAT the present ceiling on annual increment of Shri Bhat, upto 30% of his last drawn/existing salary, due and payable to him with effect from 1st April each year, upon his appointment as Whole-time Director designated as Executive Director for a period of 5(five) years for the period from 18th January, 2008 till 17th January, 2013, vide an Ordinary Resolution passed by the Company at its 70th AGM held on 4th September, 2008, be and the same shall stand removed with effect from 1st April, 2011 for remaining tenure of his office from 1st April, 2011 to 17th January, 2013."

"RESOLVED FURTHER THAT, save and except to the extent remuneration herein revised, all other existing terms, conditions and stipulations relating to his appointment and the terms of remuneration, as contained in the principal Agreement dated 23rd February, 2008, entered into between Shri Bhat and the Company and contained in the Explanatory Statement attached to the Notice dated 30th June, 2008, convening the 70th AGM of the Company, which had been approved by the Shareholders at the said 70th AGM, held on 4th September, 2008, shall remain in full force and unchanged."

"RESOLVED FURTHER THAT, within the terms of remuneration as set out in the Explanatory Statement and draft supplemental agreement referred to hereinabove and as approved herein by the shareholders, the Board of Directors of the Company be and is hereby authorized to revise vary or increase the remuneration (salary, bonus/ex-gratia in lieu of bonus, perquisites and allowances) from time to time, to the extent the Remuneration Committee of the Board of Directors and/or the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Shri Bhat shall be within the limits set out in the Act including Schedule XIII to the Act or any amendments thereto or any modifications or statutory enactment thereof and/or rules or regulations framed thereunder without any further reference to the Members of the Company in the General Meeting and accordingly the terms of the aforesaid Draft Supplemental Agreement between the Company and Shri Bhat shall be suitably modified to give effect to such variation or increase as the case may be."

"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove where in any financial year during the currency of the tenure of Shri Bhat, the Company has no profits or its profits are inadequate, the Company do pay to Shri Bhat, the existing remuneration as, a "Minimum Remuneration" per month by way of salary, bonus/ ex-gratia in lieu of bonus, perquisites and allowances as specified in the Draft Supplemental Agreement, subject to and within the maximum ceiling limits laid down under para 1 of Section II of Part II of Schedule XIII to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder unless otherwise prior approval of the Central Government is obtained if and to the extent necessary."

"RESOLVED FURTHER THAT the remuneration payable to Shri Bhat as set out in Draft Supplementary Agreement and also in the Explanatory Statement annexed to the Notice of 73rd AGM and referred to herein above will be subject to such modifications/amendments/changes as the Central Government may suggest or require or direct and which the Board of Directors/Remuneration Committee is authorised to accept on behalf of the Company and as may be acceptable to Shri Bhat."

"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, increase, enhance or widen the scope of remuneration including salary, bonus/ex-gratia in lieu of bonus, perquisites and/or allowances to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule XIII to the said Act and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

"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 execute and sign the agreement and other documents and take such steps and do all such act, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

Registered Office:

2, Red Cross Place,

Kolkata - 700 001

Dated, the 18th May, 2011

By Order of the Board**R. S. Sharma**

(Company Secretary & Compliance Officer)

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Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS/HER PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ATTACHED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF COMMENCEMENT OF THE MEETING.**
2. Corporate Members/Trust/Society intending to send their authorized representatives for attending the Annual General Meeting are requested to send a duly certified copy of the Board/Managing Committee Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
3. In case of Joint Holders attending the Meeting only such Joint Holder who is higher in names will be entitled to vote.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 23rd August, 2011 to Friday, the 2nd September, 2011 (both days inclusive).
5. Members are requested to notify change in their address in block letters, if any, quoting their folio number to the Company and/or Sharepro Services (India) Private Limited, the Registrar & Transfer Agents (RTA) of the Company.
6. Members/Proxies are requested to bring their copies of the Annual Report to the Meeting.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and the Rules made thereunder, all unclaimed or unpaid dividends declared upto and including the financial year ended 31st March, 1995 have already been 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. Those Shareholders, who have, so far, not claimed or collected the dividends up to the aforesaid financial years, may claim their dividend from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata – 700 020 by submitting to them an application in Form II, prescribed under the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government), Rules 1978.
8. Pursuant to the provisions of Section 205A(5) read with Section 205C of the Companies Act, 1956, as amended the Company has transferred all the unpaid and/or unclaimed dividends up to the financial year ended 31st March, 1998, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. The Company has however not declared any dividend thereafter since the financial year ended 31st March, 1999.
Shareholders may note that no claim shall lie against the Company or the said Fund in respect of any individual amounts which were unclaimed and unpaid for a period of 7 (Seven) years from the date(s), they first became due for payment, once transferred to the said fund and no payment shall be made in respect of any such claim.
9. Members holding Shares in physical form appoint a nominee by filing Form 2B (in duplicate) prescribed by the Companies Act, 1956, duly completed and signed to the Company or its Registrar & Share Transfer Agents (RTA) in their own interest. Members holding shares in demat may get their nomination recorded with their respective Depository Participant (DP).
10. Members who hold shares in physical form in multiple folios in identical order of names or joint accounts in the same order and names, are requested to send details of such folios together with Share Certificates to the Company's Registrar & Share Transfer Agents for consolidation into a single folio.
11. Members who wish to obtain any information, on the Company or its Accounts and operation may send their queries to the Company at least 10 days before the Meeting so as to enable the management to keep the information ready at the Meeting.
12. Members who hold shares in dematerialised form are requested to bring their Depository ID and Client ID Numbers for easier identification of attendance at the Annual General Meeting.
13. **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to inform their e-mail address to the Registrar and Transfer Agent of the Company M/s. Sharepro Services (India) Pvt. Limited, 416/420, Devnandan Mall, Opp: Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006 or alternatively at M/s. Sharepro Services (India) Pvt. Limited, 13 AB, Samitha Warehousing Complex, Sakinaka Telephone Lane, Sakinaka, Andheri East, Mumbai – 400 072, quoting their folio nos at E-mail ID – sharepro@shareproservices.com

The desired **E-mail Communication Registration Form** is enclosed alongwith this notice, members are requested to fill up the same and send it.

**Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment at the Annual General Meeting as required under Clause 49 (IV) (G) of the Listing Agreement:-**

Shri Brij Kishor Hurkat, aged about 69 years, is a businessman and holds a Bachelor degree in Commerce. He has a rich and all-round knowledge and experience in textile and yarn business armed with strength in strategic thinking and business skills.

Shri Hurkat was appointed a director of the Company, liable to retire by rotation, at the Annual General Meeting (AGM) held on 24th August, 2009. He holds directorship in Savak Investment & Finance Private Limited.

Shri Hurkat is Chairman of the Audit Committee of the Company set up in line with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement dealing with the code on Corporate Governance. He is also member of Remuneration, Share Transfer, Shareholders'/Investors' and Executive Committees constituted by the Board of Directors of the Company. He does not hold any share in this Company as of date.

The Board considers that it would be in the interest of the Company to re-appoint Shri Hurkat as director of the Company. No director other than Shri Hurkat is in any way concerned or interested in the proposed Resolution as set out in item no. 2 of the accompanying Notice of the Annual General Meeting. The Board recommends this resolution for the approval of the Shareholders.

The explanatory statement may also be regarded as a disclosure in compliance with the requirement under Clause 49(IV)(G) of the Listing Agreement.

Registered Office:

2, Red Cross Place,

Kolkata - 700 001

Dated, the 18th May, 2011

By Order of the Board

R. S. Sharma

(Company Secretary & Compliance Officer)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 4**

At the 72nd Annual General Meeting ("AGM") of the Company held on 13th September, 2010, the Members of the Company had re-appointed Shri A. K. Somany as the Managing Director of the Company for a period of three (3) years commencing on and from 22nd January, 2011, and ending on 21st January, 2014, on the terms and conditions and at the remuneration payable to him as set out in the Explanatory Statement attached to the Notice of 72nd AGM dated 29th May, 2010, and contained in the Agreement dated 1st February, 2011, entered into by the Company with Shri Somany.

The Board of Directors ('the Board') have at its meeting held on 18th May, 2011, on due recommendation of the Remuneration Committee, determined and fixed the maximum limit for remuneration comprising of salary, commission on net profits, perquisites and allowances payable to Shri Somany for the remainder of the tenure of his office from 1st April, 2011 to 21st January, 2014, subject to the limits contained in Sections 198, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 ("The Act") including Schedule XIII to the Act.

The maximum limit of remuneration comprising of salary, commission, perquisites and allowances as determined and fixed by the Board for Shri Somany, as recommended by the Remuneration Committee at its meeting held on 18th May, 2011 is as under :-

Remuneration

Remuneration payable to Shri Somany by way of salary, commission on net profits, perquisites and allowances shall be determined by the Board from time to time at their absolute discretion within the maximum managerial limits as have been determined, fixed and proposed by the Board of Directors of the Company on due recommendation made by the Remuneration Committee at its meeting held on 18th May, 2011, subject to overall limit specified under Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, and Schedule XIII to the Companies Act, 1956, or any amendments thereto as may be made from time to time or the limits as may be prescribed in the Companies Act, 1956, as may be recodified or the laws, policies, rules and regulations and guidelines in force from time to time.

A. Salary

(Basic & DA) - upto a maximum of Rs. 7.50 lacs per month

- with such increments and/or accelerated increments as may be decided by the Board of the Company, upon due recommendation of the Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites or allowances related to and depending upon the quantum of salary.
- Subject to the overall limit as prescribed in Schedule XIII to the Companies Act, 1956 (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director)

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- Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time, within and upto the Salary of Rs. 7.50 lacs per month or Rs. 90 lacs per annum.

B. Commission

Such commission on net profits as may be agreed upon by the Board of Directors and Shri Somany for each financial year or part thereof,

- Subject, however, upto and within the overall limit as specified in Schedule XIII to the Companies Act, 1956 ('the Act') (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director).
- The net profits for the purpose of commission shall be calculated in accordance with Sections 198 and 309 of the Companies Act, 1956.
- At the discretion of the Board, the payment of commission may be made on a pro-rata basis every month or on annual basis or partly monthly and partly on annual basis as may be decided by the Board or Remuneration Committee of the Board of Directors of the Company at the end of each such Financial Year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act, read with Schedule XIII to the Act.

C. Perquisites

In addition to the aforesaid salary and commission on net profits, Shri Somany, Managing Director, is also entitled to perquisites and allowances like furnished/unfurnished accommodations or house rent allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement for self and family, leave and leave travel concession for self and family, club fees, personal accident insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, provident fund, superannuation fund, gratuity and other retirement benefits in conformity with scheme(s) and rule(s) of the Company, applicable to the senior managerial staff for the aforesaid benefits from time to time

- in lieu of rent free accommodation, the Company can give to the Managing Director -

House rent allowance upto such percentage of the Basic Salary as set out at Salary Clause 'A' above or such sum as may be decided by the Board at its discretion from time to time subject to overall ceiling of 5% of net profits in case of One Whole-time Director and 10% of net profits in case of more than One Whole-time Director together as calculated in accordance with Sections 198 and 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act as may be applicable at the relevant time.

Provided the aggregate of salary, commission and perquisites as contemplated in Clause (A), (B) and (C) above shall not in any financial year exceed the overall ceiling stipulated in Sections 198, 309 and other applicable provisions of the Act read with the Schedule XIII of the Companies Act, 1956 ('the Act') (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director as calculated in accordance with Sections 198 and 309 of the Act).

At the same meeting held on 18th May, 2011, the Board has approved the revision in remuneration payable to Shri Somany by way of salary, commission on net profits, perquisites and allowances subject to approval of the Shareholders at this Annual General Meeting ("AGM") with authority to the Board to determine, fix and revise remuneration payable to Shri Somany within and upto the maximum limit as proposed and set out in the Explanatory Statement attached to this Notice forming part of the proposed Resolution and as contained in the Draft Supplementary Agreement to be entered into between the Company and Shri Somany subject however to overall permissible limit specified under Sections 198, 309 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, or any amendment thereto as may be made from time to time or under the Companies Act as may be recodified.

While deciding the remuneration of Shri Somany, the Committee took into consideration the appointee's deep knowledge and experience he gathered during his long association with the Company, trend in Textile Industry and other relevant factors and came to a consensus in bring about objectivity in determining the remuneration package.

The terms and conditions of remuneration to the extent as revised and payable to Shri Somany, Managing Director of the Company for the remaining tenure of his appointment are as follows:

Shri A. K. Somany, Managing Director, shall be entitled to the following remuneration with effect from 1st April, 2011 for the remainder period of his office from 1st April, 2011 to 21st January, 2014 or as may be determined and revised by the Board at its discretion from time to time within the aforesaid maximum permissible limit.

- Salary (Basic + D.A.) • At Rs. 1.50 lacs per month, w.e.f. 1st April, 2011 with such increments and/or accelerated increments as may be decided by the Board of Directors of the Company, upon due recommendation of the Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites or allowances related to and depending upon the quantum of salary.



- Commission
 - In addition to Salary, in the event of adequate profits Shri Somany shall also be entitled to such remuneration by way of such percentage of Commission as may be decided by the Board or: the recommendation of Remuneration Committee at its discretion from time to time or at the end of such financial year.
- Perquisites
 - In addition to Salary and Commission, Shri Somany shall be entitled to the perquisites as spelt out hereinabove and more fully specified in the Explanatory Statement annexed to the Notice of 72nd AGM in regard to Special Resolution passed at the said AGM relating to re-appointment of Shri Somany as Managing Director, subject however to a ceiling restricted to 100% of his Annual Salary.

All other terms and conditions, save and except to the extent specified above, as to perquisites and allowances as approved by the Shareholders in its 72nd Annual General Meeting (AGM) shall remain unaltered and unchanged and shall remain in full force from 1st April, 2011, till expiry of Shri Somany's tenure ending on 21st January, 2014.

As a measure of simplification of the process for making changes in the remuneration of Managing Director, the Board has proposed on the recommendation of Remuneration Committee at its Meeting held on 18th May, 2011, to seek Members' approval to this Resolution subject to provisions of Sections 198, 309, 310 and 311 and other applicable provisions of the Companies Act, 1956, and modification(s) thereto, which fixes the ceiling or the maximum limit for remuneration payable to Managing Director and delegates authority to decide on the specifics of changes in Remuneration for Shri Somany, Managing Director for a given year/period by way of salary, commission on net profits and perquisites to the Board from time to time, within the maximum limits as specified in the Draft Supplemental Agreement and as set out in Explanatory Statement, relating to this Resolution, attached to this Notice of the Annual General Meeting.

With the approval of the Members to the proposed Resolution, the Board will have the discretion and delegated authority of the Members of the Company to fix and revise the salary within overall ceiling as specified under the relevant provisions of Companies Act, 1956, and as approved by the Members hereinunder this Resolution, which ever is lower, during the tenure of Shri Somany.

The limits specified in the Explanatory Statement attached to this Notice of 73rd AGM in regard to Resolution set out at item No. 4 are only the maximum limits and the Board may in exercise of the delegated authority pay to the Managing Director, a lower remuneration and may revise the same from time to time within the maximum limits stipulated in the Explanatory Statement attached to this notice forming part of the Resolution.

However, in the absence, or inadequacy of profits in any financial year, during the tenure of Shri Somany, Managing Director of the Company, the remuneration payable to him by way of salary and perquisites (excluding commission) shall not exceed the maximum limit prescribed under Schedule XIII of the Act, unless otherwise approved by the Central Government, as envisaged under the said Schedule XIII of the Act.

All other existing terms of remuneration, save and except as have been proposed to be revised in the manner as set out in the Explanatory Statement forming part of this Resolution attached to this Notice of AGM and also contained the Draft Supplementary Agreement of Shri Somany shall remain unchanged and unaltered and shall remain in force with effect from 1st April, 2011 till the expiry of his tenure ending on 21st January, 2014.

Shri Somany, the appointee, and Shri S. K. Somany, Chairman of the Company, being close relative to each other may be deemed to be concerned or interested in this Resolution covering revision of his Remuneration Package. No other Directors are interested in this Resolution.

Accordingly this Resolution is proposed to seek approval of the Members for the purpose of revision in Remuneration of Shri Somany, Managing Director of the Company within the overall limits as specified and laid down by the Company and the Board therefore recommends passing of this Resolution by the Members.

The Draft Supplementary Agreement to be executed between the Company and Shri Somany, is available for inspection by the Members of the Company at the Registered Office of the Company on any working day, except holidays, observed by the Company during business hours between 3:00 P.M. and 4:30 P.M. and will also be available at the meeting.

The terms of revision of remuneration payable to Shri Somany as Managing Director of the Company as set out in Explanatory Statement duly attached to the accompanying Notice of the AGM, should be treated as an abstract of the terms of revision in his remuneration and memorandum of interest under Section 302 of the Companies Act, 1956.

Item No. 5

It may be recalled that Shri Shrikant Bhat (Shri Bhat) was appointed as the Whole-time Director designated as Executive Director of the Company for a period of 5 (five) years from 18th January, 2008 and up to 17th January, 2013 with due approval from the shareholders obtained at 70th Annual General Meeting ("AGM") of the Company held on 4th September, 2008.

The Board of Directors of the Company ("the Board"), have at its meeting held on 18th May, 2011, on due recommendation of the Remuneration Committee, determined and fixed the ceiling or the maximum limit for remuneration payable to Shri

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Bhat, Executive Director with the authority to the Board to decide the remuneration payable to Shri Bhat for a given year/period by way of salary, bonus/ex-gratia in lieu of bonus, perquisites and other allowances from time to time within the overall limit and stipulated in Sections 198, 309, 310 & 311 and other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII to the Act.

The maximum limit of remuneration comprising of salary, bonus/ex-gratia in lieu of bonus, perquisites and allowances as determined and fixed by the Board for Shri Bhat, as recommended by the Remuneration Committee at its meeting held on 18th May, 2011 is as under :-

Remuneration

Remuneration payable to Shri Bhat by way of salary, bonus/ex-gratia in lieu of bonus, perquisites and allowances shall be determined by the Board from time to time at their absolute discretion within the maximum managerial limits as have been determined, fixed and proposed by the Board of Directors of the Company on due recommendation made by the Remuneration Committee at its meeting held on 18th May, 2011, subject to overall limit specified under Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, and Schedule XIII to the Companies Act, 1956, or any amendments thereto as may be made from time to time or the limits as may be prescribed in the Companies Act, 1956, as may be recodified or the laws, policies, rules, regulations and guidelines in force from time to time.

A. Salary

(Basic+DA) - upto a maximum of Rs. 5 lacs per month

- With such increments and/or accelerated increments as may be decided by the Board of the Company, upon due recommendation of the Remuneration Committee, at its absolute discretion from time to time and with proportionate increase in all perquisites or allowances related to and depending upon the quantum of salary.
- Subject to the overall limit as prescribed in Schedule XIII to the Companies Act, 1956 (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director).
- Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time, within and upto the Salary of Rs. 5 lacs per month or Rs. 60 lacs per annum.

B. Bonus/Ex-gratia

Such amount of bonus/ex-gratia in lieu of bonus, in addition to salary, perquisites and allowances for each financial year as may be decided by the Board/Remuneration Committee of the Company at its discretion,

- Subject, however, upto and within the overall limit as specified in Schedule XIII to the Companies Act, 1956 ('the Act') (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director).

C. Perquisites

In addition to the aforesaid salary and bonus/ex-gratia in lieu of bonus, Shri Bhat, Executive Director, is also entitled to perquisites and allowances like furnished/unfurnished accommodations or house rent allowances in lieu thereof, gas, electricity, water and furnishings, medical reimbursement for self and family, leave and leave travel concession for self and family, club fees, personal accident insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, provident fund, superannuation fund, gratuity and other retirement benefits in conformity with scheme(s) and rule(s) of the Company, applicable to the senior managerial staff for the aforesaid benefits from time to time

- in lieu of rent free accommodation, the Company can give to the Executive Director-

House rent allowance upto such percentage of the Basic Salary as set out at Salary Clause 'A' above or such sum as may be decided by the Board at its discretion from time to time subject to overall ceiling of 5% of net profits in case of One Whole-time Director and 10% of net profits in case of more than One Whole-time Director together as calculated in accordance with Sections 198 and 309 and other applicable provisions of the Act read with Schedule XIII to the said Act as may be applicable at the relevant time.

Provided the aggregate of salary, bonus/ex-gratia in lieu of bonus and perquisites as contemplated in Clause (A), (B) and (C) above shall not in any financial year exceed the overall ceiling stipulated in Sections 198, 309 and other applicable provisions of the Act read with Schedule XIII of the Act (5% of the net profits in case of One Whole-time Director and 10% of the net profits for more than One Whole-time Director as calculated in accordance with Sections 198 and 309 of the Act).

At the same meeting held on 18th May, 2011, the Board has approved the revision in remuneration payable to Shri Bhat by way of salary, bonus/ex-gratia in lieu of bonus, perquisites and other allowances subject to approval of the Shareholders at this Annual General Meeting ("AGM") with authority to the Board to determine, fix and revise remuneration payable to Shri Bhat within and upto the maximum limit as proposed and set out in the Explanatory Statement attached to this Notice forming part of the proposed Resolution and as contained in the Draft Supplementary Agreement to be entered into between