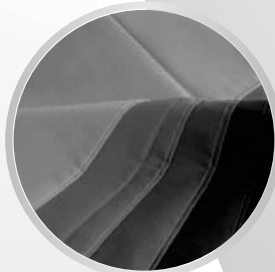




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FAITH
GLOBALLY



**SOMA TEXTILES &
INDUSTRIES LIMITED**



**75th ANNUAL REPORT
2012-2013**





75th Annual Report 2012-2013

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

IDBI Bank Limited
Dena Bank
State Bank of India
AXIS Bank Limited
Export Import Bank of India
ICICI Bank Limited

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. Ltd.
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 – 26582381/82/83/84

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NOTICE OF THE 75th ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Fifth (75th) Annual General Meeting of the Members of Soma Textiles & Industries Limited will be held at Jhajharia Committee Room of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on, Monday, the 9th day of September, 2013 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, 2013 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. K. Somany, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:-

4. Amendment to Capital Clause in Articles of Association of the Company

As a Special Resolution

“RESOLVED THAT pursuant to provisions of Article 48 and Article 54 of the Articles of Association of the Company, read with Section 94 and other applicable provisions, if any of the Companies Act, 1956, the Authorised Share Capital of the Company, which is, at present, ₹ 500,000,000/- (Rupees Fifty Crores Only) divided in to 50,000,000 (Five Crores) Equity Shares of ₹ 10/- each be and is hereby reclassified and restructured by cancellation and conversion of 10,000,000 (One Crore) Equity Shares of ₹ 10/- each, amounting to ₹ 100,000,000/- (Rupees Ten Crores Only) out of the unissued and unallotted Equity Shares of the Company, forming part of the existing Authorised Share Capital of the Company and simultaneously creating, in lieu thereof 1,000,000 (Ten lacs) 0.01%-Cumulative Redeemable Non-convertible Preference Shares of ₹ 100/- each amounting to ₹ 100,000,000/- (Rupees Ten Crores Only), in the Authorised Share Capital of the Company and consequently the existing clause no. 5 relating to Share Capital in the Memorandum of Association, do stand altered accordingly and the same be amended suitably.

RESOLVED FURTHER THAT pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 read with Article 48 of the Articles of Association of the Company, the existing Capital Clause 5 of the Memorandum of Association of the Company be and is hereby altered/amended by deleting the same and substituting in its place and stead thereof the following as new Capital Clause 5:

5. “The Authorised Share Capital of the Company is ₹ 500,000,000/- (Rupees Fifty Crores Only), divided into 40,000,000 (Four Crores) Equity Share of ₹ 10/- each amounting to ₹ 400,000,000/- (Rupees Forty Crores Only) and 1,000,000 (Ten Lacs) 0.01% Cumulative Redeemable Non-convertible Preference Shares of ₹ 100/- each amounting to ₹ 100,000,000/- (Rupees Ten Crores Only), with power to increase or reduce the Capital of the Company and to divide the Shares in the Capital for the time being in to several classes and to attach thereto respectively any Preferential, deferred, qualified or special rights privileges conditions and restrictions thereto, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privilege conditions or restrictions in such manner as may be for the time being permitted by the Articles of Association of the Company and the legislative provisions for the time being in force in that behalf.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorised to take all such steps and actions as may be considered necessary or expedient for giving effect to this resolution and to settle any questions that may arise in this regard.”

5. Issue of Cumulative Redeemable Non-Convertible Preference Shares to the Promoters' and/or Promoters Group Companies on Preferential/Private Placement Basis

As a Special Resolution

“RESOLVED THAT in supersession of the earlier resolution adopted by the Shareholders of the Company at an Extra-Ordinary General Meeting held on 7th December, 2009 for issuance of Equity Share of ₹ 10/- each on Rights basis upto ₹ 10 Crores and in lieu thereof, pursuant to Sections 80, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the relevant provisions of the Memorandum and the Articles of Association of the Company, the Rules/Regulations/Guidelines/Notifications/Circulars, if any, prescribed by the Securities and Exchange Board of India (SEBI) and/or any other Regulatory Authority, the Listing Agreement entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors



of the Company, which unless specifically stated, would include a Committee constituted/to be constituted by the Board of Directors to exercise its powers conferred by this Resolution and the powers conferred by the Board of Directors from time to time (hereinafter referred to as 'the Board') the consent of the Company be and is hereby accorded to the Board to offer/issue and allot, 0.01% Cumulative Redeemable Non-Convertible Preference Shares (hereinafter referred to as "Preference Shares") of the face value of ₹ 100/- (Rupees One Hundred Only) each for an amount not exceeding ₹ 97,500,000/- (Rupees Nine Crores Seventy Five Lacs Only), in one or more tranches subscribed / to be subscribed in Rupees by the promoters and/or promoters' group companies, whether or not they are shareholders of the Company, as the Board may at its absolute discretion think fit, on such terms and conditions including amount of premium on Redemption, if any, redemption period, manner of redemption and matter incidental thereto as may be decided by the Board in the best interest of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds of issue and the Board be and is hereby authorised further to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notifications, rules and regulations, to the extent applicable, as SEBI or any other Regulatory Authority may prescribe from time to time and to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to make and accept any modification in the proposal as may be considered necessary or as may be required by the relevant authorities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate or sub-delegate all or any of the powers or authorities herein conferred upon, as it may in absolute discretion deem fit to the Chairman/Managing Director/any Director(s)/officer(s)/authorised representative(s) of the Company to give effect to the aforesaid resolution."

6. Re-appointment of Shri A. K. Somany, as Managing Director of the Company

As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and rules made thereunder and any amendments thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, if required, and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities while granting such approvals, permissions and sanctions and as are agreed to by the Board of Directors (hereinafter referred to as 'the Board' which terms shall include any committee constituted/to be constituted by the Board and any person authorized by the Board in this behalf) and acceptable to Shri Somany, the consent of the Company be and is hereby accorded to the re-appointment of Shri A. K. Somany (Shri Somany), as Managing Director of the Company, 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 3 (Three) years with effect from 22nd January, 2014 to 21st January, 2017, on such remuneration by way of salary, commission, perquisites, allowances and/or benefit(s), within and up to the maximum limit as have been determined, fixed and approved by the Board subject to overall limit, stipulated in Sections 198 and 309 of the Companies Act, 1956 and subject further to obtaining Members' approval by virtue of this Special Resolution, proposed to be passed at this meeting and on such other terms, conditions and stipulations (including remuneration) as contained in the "Draft Agreement" to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART, and duly specified in the Explanatory Statement, annexed to the Notice of 75th Annual General Meeting of the Company ("AGM Notice"), which forms the part of this resolution and Draft of the AGREEMENT, as placed before this meeting and initiated by the Chairman of the Company for the purpose of identification, is hereby specifically approved and sanctioned."

"RESOLVED FURTHER THAT Board may in its absolute discretion pay to Shri Somany, a Managing Director lower remuneration within the said maximum limits as stipulated in the Draft Agreement and the Explanatory Statement hereinabove referred to."

"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 within the terms of remuneration as set out in the Explanatory Statement and the 'Draft Agreement' referred to hereinabove and as approved herein by the shareholders, the Board of Directors of the Company be and is hereby authorised to revise, vary or increase the remuneration (salary, commission, perquisites and allowances) payable to Shri Somany 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 authorised in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Shri Somany 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 Agreement' between the Company and Shri Somany shall be suitably modified to give effect to such variation or increase as the case may be."

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"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove where in any Financial Year during the term of employment of Shri Somany, the Company has no profits or its profits are inadequate, the Company do pay to Shri Somany, the existing remuneration or the revised remuneration, as may be approved by the Board, as a "Minimum Remuneration" per month by way of salary, perquisites, allowances and/or benefits, as specified in the 'Draft Agreement' and also in the Explanatory Statement annexed to the AGM Notice, 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 in the event Central Government approval is sought for, the remuneration payable to Shri Somany, as set out in 'Draft Agreement' and also in the Explanatory Statement annexed to the Notice of 75th AGM and referred to hereinabove 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 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, allowances and/or benefits, 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."

7. Commission to Directors of the Company in the event of profits (other than the Managing and Whole-time Directors)

As a Special Resolution:

"RESOLVED THAT in accordance with and subject to the provision of Section 309(4) read with Section 309(7) of the Companies Act, 1956 the Company do hereby authorise the payment to the Directors of the Company (other than the Managing and Whole-time Directors, if any) of a commission (to be divided amongst them, in such amounts or in proportions and in such manner as may be determined by the Board of Directors of the Company from time to time and in default of such determination equally) of 1% (one percent) per annum of the net profits of the Company, to be computed in the manner prescribed in Sub-section (1) of Section 198, referred to in Sub-section (5) of Section 309 of the Companies Act, 1956 in any Financial Year of the Company, for a further period of 5 years, commencing from 1st April, 2013 and upto 31st March, 2018."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution."

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Dated : 29th July, 2013

By Order of the Board

R. S. Sharma
(Company Secretary & Compliance Officer)

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 authorised 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 Monday, the 2nd September, 2013 to Monday, the 9th September, 2013 (both days inclusive).
5. Members are requested to notify change in their address, 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.

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 register their e-mail address with the Registrar and Share Transfer Agent (RTA) Messrs Sharepro Services (India) Pvt. Ltd., unit-Soma Textiles & Industries Limited, at 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 or at its branch office at Office No. 416-420, Devnandan Mega Mall, 4th Floor, Opp. Sanyas Ashram, Ashram Road, Ahmedabad – 380 006, at E-mail ID – sharepro.ahmedabad@shareproservices.com

Brief Resume and other information in respect of the Director, retiring by rotation seeking re-appointment and the Director proposed to be re-appointed as the Managing Director of the Company at the 75th Annual General Meeting of the Company, as required under Clause 49(IV)(G) of the Listing Agreement:

Shri S. K. Somany, aged about 82 years, is an Industrialist and a promoter of the Company. He is a graduate in Commerce. Shri Somany has enriched himself with a business experience of over 6 decades and has a rich and vast all-round knowledge and experience in the business of Ceramic, Glass and Textiles Industry. He is currently a Director and Chairman of the Company. Shri Somany is a member of the Remuneration Committee and Audit Committee of the Company, constituted in line with requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement on Corporate Governance. He is also Chairman of Share Transfer Committee & Shareholders'/Investors' Grievance Committee of the Company. Shri S. K. Somany holds 3,068,274 constituting 9.29% of the Equity Share Capital of the Company. Shri Somany is holding directorship in (a) Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited, (b) Nav Bharat Refrigeration & Industries Limited, (c) Simplex Reality Limited, (d) Shreelekha Global Finance Limited and (e) Somany Evergreen Knits Limited.

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He is Chairman of Somany Evergreen Knits Limited. Shri Somany is also the Chairman of the Audit Committee of Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited and a member of the Remuneration Committee of the said Company. He is member of Share Transfer Committee of Simplex Reality Limited and Nav Bharat Refrigeration & Industries Limited. Shri Somany retires from the Board by rotation at this meeting and being eligible, offers himself for re-appointment as Director of the Company.

Shri A. K. Somany is an industrialist and a part of existing promoters of the Company, aged about 57 years, is a science graduate (B.Sc.). He holds Membership of All India Management Association (MIMA). He is son of Shri S. K. Somany, Chairman of the Company. He has acquired working experience of more than 33 years in Textile and Ceramic Industry of which more than 25 years belong to Textile Industry as the Managing Director of the Company. He traveled around the world and accumulated a good understanding of Global business issues. He combines comprehensive mix of academic qualification and professional experience. He is currently the Managing Director of the Company and looks after the Management Control and affairs of the Company. Shri Somany is a member of Shareholders'/Investors' Grievance Committee and Share Transfer Committee of the Company. Shri Somany holds 8,54,848 Equity Shares, constituting 2.59% of the Equity Share Capital of the Company.

He is holding directorship in Pudumjee Industries Limited and KGPL Industries & Finvest Private Limited. He is past Chairman of the Ahmedabad Mills Owners' Association and has been a member of the Indian Cotton Mills' Federation and several other committees constituted by Government Boards.

Registered Office:

2, Red Cross Place,
Kolkata - 700 001
Date : 29th July, 2013

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

The Authorised Share Capital of the Company, presently stands at ₹ 500,000,000/- (Rupees Fifty Crores Only), divided into 50,000,000 (Five Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

The Issued, Subscribed and paid-up Capital of the Company is ₹ 332,274,680/- (Rupees Thirty Three Crore Twenty Two lac Seventy Four Thousand Six Hundred Eighty Only) (inclusive of forfeited amount of ₹ 1,944,680 on 385,300 Equity Shares of ₹ 10/- each) made up of ₹ 33,418,300 Equity Shares of ₹ 10/- each issued by the Company (inclusive of 385,300 forfeited shares)

The Company is planning to issue 0.01% Cumulative Redeemable Non-convertible Preference Shares, to the Promoters/Promoters' Group Companies, in terms of the approval received by the Company, by the Capital Debt Restructuring (CDR) Empowered Group, vide its Letter of Approval (LOA) No. BY.CDR/(SSA)/No.183/2013-14 dated 3rd June, 2013 issued by Capital Debt Restructuring (CDR) Cell repermitting the Company to issue 0.01% Cumulative Redeemable Non-convertible Preference Shares, as against their earlier approval for issuance of Equity Shares to the promoters by way of Preferential and/or Rights basis as may be decided by the Company, vide their letter no. BY.CDR/(PRM)/No.158/2011-2012 dated 23rd May, 2012.

As a consequence it has necessitated to alter the Capital Clause of Memorandum of Association of the Company by way of reclassification and restructuring, of its present authorized share capital, in the manner and to the extent, as stated in the Resolution.

Pursuant to the provisions of Section 94 and Section 16 of the Companies Act, 1956 reclassification and restructuring of authorised share capital and consequent amendments to or alteration of the capital clause of the Memorandum of Association respectively require consent of the shareholder in the General Meeting.

The Resolution set forth seeks approval from the Members of the Company.

The Board therefore commends passing of the resolution set out at item no. 4 of the accompanying Notice of 75th AGM for approval of the Members.

A copy of the Memorandum & Articles of Association of the Company is open for inspection during business hours in between 11:00 A.M. to 1:00 P.M. on any working day, excluding Public Holidays from the date of this notice, at the Registered Office of the Company, until the date of 75th Annual General Meeting (AGM). The same will also be available for inspection at the AGM.

None of the Directors of the Company, in any way, are concerned or interested in passing of this Resolution, except to the extent of Shareholdings held by them in the Company.

Item No. 5

As you are aware that at the request of Company, the Company's proposal envisaging restructuring of its Debts had been referred to the Corporate Debt Restructuring (CDR) Forum, a non Statutory Voluntary Mechanism set up under the aegis of Reserve Bank of India (RBI) for efficient restructuring of Corporate Debts. Pursuant thereto Capital Debt Restructuring Empowered Group (CDR EG) had approved, a restructuring package to the Company, vide its Letter of Approval (LOA) No.



BY CDR (AG) No. 1110/2008-2009 Dated 26th February, 2009 issued by CDR Cell to restructure the debts of lenders and also to avail of additional financial assistance in terms of the LOA with the stipulation to augment financial resources of ₹ 9.75 Crores for funding the cost of Corporate Debt Restructuring (CDR) Scheme, sanctioned by Corporate Debt Restructuring (CDR) Cell, under the CDR Mechanism through Preferential Issue of Equity Shares to the promoters of the Company, and thereafter CDR EG approved Rights Issue of Equity Shares instead of Preferential Issue of Equity Shares to the promoters on Preferential Allotment basis vide their Letter of Approval (LOA) No. BY.CDR/(SB)/No. 744/2009-10 dated 1st October, 2009 issued by CDR Cell.

The Company had accordingly, obtained the consent of the Shareholders, conferring authority on the Board of Directors for issuance of Equity Shares of ₹ 10/- each, to all the existing Equity Shares of the Company up to a sum of ₹ 100,000,000/- (Ten Crores Only), for cash at par on rights basis by a Special Resolution, passed u/s 81(1) of the Companies Act, 1956 at an Extra Ordinary General Meeting, held on 7th December, 2009.

Thereafter the Company received an approval from Capital Debt Restructuring Empowerd Group (CDR EG), allowing the Company to issue Equity Shares either on Rights issue to the shareholders or Preferential allotment, to the promoters and/or promoters' group companies, at the option of the Company, vide its approval no. BY.CDR(PRM) No.158/2011-12 dated 23rd May, 2012 subject to compliance with SEBI (SAST) Regulations, 2011.

On further review, at the request of the Company, CDR EG has finally approved Issue of 0.01% Cumulative Redeemable Non-convertible Preference Shares to the promoters and/or the promoters' group Companies as against the contribution brought in by the promoters for funding the cost of Corporate Debt Restructuring (CDR) Scheme, vide its Letter of Approval (LOA) No. BY.CDR/(SSA)/No.183/2013-14 dated 3rd June, 2013 issued by Corporate Debt Restructuring (CDR) Cell.

The Board of Directors have therefore proposed to offer 0.01% Cumulative Redeemable Non-convertible Preference Shares, to the promoters/promoters' group Companies, on the following terms and conditions including price, dividend, redemption period etc., for issue of proposed preference shares as have been decided by the Board of Directors at their meeting held on 29th July, 2013 which inter-alia includes :-

- | | |
|---|---|
| 1. Size of the Issue | : Not exceeding ₹ 9.75 Crores. |
| 2. Nature of Issue | : Cumulative Redeemable Non-convertible. |
| 3. No. of Shares | : 975,000. |
| 4. Nominal Value | : ₹ 100/- per share. |
| 5. Issue Price | : ₹ 100/- per share (at par). |
| 6. Tenure | : Not exceeding 20 years (with an option to redeem it earlier). |
| 7. Coupon Rate | : 0.01% per annum. |
| 8. Premium on redemption, if any, at maturity | : Nil. |
| 9. Redemption Before Maturity | : To be decided mutually between the Company and the Preference Shareholders at a Meeting of Preference Shareholders called for this purpose. |
| 10. Purpose of the Issue | : For funding the cost of Corporate Debt Restructuring (CDR) Scheme. |
| 11. Listing at Stock Exchanges | : The Proposed Preference Shares will not be Listed in the Stock Exchange(s). |

It has been advised to the Company that Listing of such Preference Shares as per recently announced Securities & Exchange Board of India (SEBI's) (Issue and Listing of Redeemable Preference Shares) Regulations, 2013 effective from 12th June, 2013 is not mandatory but optional to the proposed issue. Hence the Board has decided not to list the proposed issue of above Preference Shares on the Stock Exchanges.

Section 81 of the Companies Act, 1956 provides inter-alia that where it is proposed to increase the subscribed share Capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who at the date of offer are holders of Equity Shares of the Company, in proportion, as nearly as circumstances admit to the Capital paid up on those shares as of that date unless the shareholders decide otherwise, in General Meeting by a Special Resolution. The Listing Agreement(s) executed by the Company with Stock Exchanges also provide(s) that the Company shall issue or offer in the first instance all securities to the Equity Shareholders of the Company unless the Shareholders decide otherwise in General Meeting by a Special Resolution.

The special Resolution seeks the consent of the Shareholders authorizing the Board to make the proposed 0.01% Cumulative Redeemable Non-convertible Preference Shares, for funding the cost of Capital Debt Restructuring (CDR) Scheme as stated above and to deal with any matter connected with the said Preferential Issue of Equity Shares to the promoters/promoters' group, on Preferential or Private Placement Basis, whether they are Members or not, in terms of the approval received from CDR EG, vide its Letter no. BY.CDR/(SSA)/No.183/2013-14 dated 3rd June, 2013 issued by Capital Debt Restructuring (CDR) Cell.

The Board of Directors, therefore recommends passing of the special Resolution set out at item no.5 of the Notice, convening the 75th Annual General Meeting (AGM) of the Company.

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The Memorandum and Articles of Association are available for inspection of any Member of the Company at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on any working day excluding public holidays from the date of Notice till the date of AGM, the same will also be available for inspection at the AGM.

The Directors of the Company may be deemed to be concerned or interested in this special resolution to the extent any Preference Share may be offered to and/or subscribed for by them directly or through any Company or body corporate of which they are directors or members. Save as aforesaid, none of the directors of the Company are, in anyway, concerned or interested in this resolution.

Item No. 6

The present tenure of Shri A. K. Somany (Shri Somany), as Managing Director of the Company, who is not subject to retirement by rotation, will expire by an efflux of time on 21st January, 2014.

The Board of Directors of the Company ('the Board') at its meeting held on 24th May, 2013 have re-appointed Shri Somany as Managing Director for a period of 3 (Three) years, effective from 22nd January, 2014 subject however to the approval of the shareholders in the ensuing 75th Annual General Meeting (AGM) and of the Central Government, if and to the extent necessary, the Financial Institutions, if required, who have granted financial assistance to the Company and subject further to such other approvals and/or sanctions, as may be required, on the terms and the remuneration permissible under Schedule XIII to the Act as embodied in the Agreement, to be entered into with Shri Somany. Shri Somany shall be a non-retiring Managing Director, who shall not be liable to retire by rotation, in terms of Section 257 of the Act, including other provisions of the Act.

The Board considers that his service will be useful to the Company and that it is in interest of the Company that he be re-appointed as 'Managing Director' of the Company. His appointment and remuneration so fixed by the Board upon recommendation of the Remuneration Committee are in accordance with Schedule XIII to the Companies Act, 1956 ("the Act") and subject to the approval of Members of the Company at the ensuing 75th AGM and subject further to the prior approval of the Central Govt., if and to the extent necessary.

The material terms and conditions of the Agreement to be entered into by Shri Somany with the Company for his re-appointment and remuneration payable to Shri Somany are as follows:

1) Period of Appointment:

3 (Three) years commencing from 22nd January, 2014.

2) Nature of Duties:

Subject to the superintendence, control and direction of the Board, Shri Somany shall perform such duties and exercise such powers as may from time to time be entrusted to or vested in him by the Board and shall devote the whole of his time and attention to his service as the Managing Director of the Company.

3) Remuneration

Shri A. K. Somany, Managing Director (hereinafter referred to as the appointee), shall be entitled to the following remuneration with effect from 22nd January, 2014 for the period of his office from 22nd January, 2014 to 21st January, 2017 or as may be determined and revised by the Board at its discretion from time to time within the maximum permissible limit.

A. Salary (Basic & D.A.)

At ₹ 216,000 per month, effective from 22nd January, 2014 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, allowances & benefits related to and depending upon the quantum of salary, within and up to a maximum of ₹ 7.50 lacs (Rupees Seven Lacs Fifty Thousands Only) per month or ₹ 90 lacs per annum and such other perquisites, allowances and benefits.

First Annual increment is due and effective from 1st April, 2014 and thereafter from 1st April, each year.

Salary may include basic salary, additional salary, special allowances and any other allowances as may be determined by the Board from time to time subject to within and up to a maximum Salary of ₹ 7.50 Lacs per month or ₹ 90 Lacs per annum.

Such special allowances or such other allowances or additional salary will however not be eligible for retriial benefits such as provident fund, gratuity/ super annuation fund and other perquisites, allowances and benefits.

In addition to Salary, in the event of profits or adequate profits, appointee shall also be entitled to such remuneration by way of such percentage of Commission as may be decided by the Board on the recommendation of Remuneration Committee at its discretion from time to time or at the end of such Financial Year.

B. Commission

**C. Perquisites**

In addition to Salary and Commission the appointee shall be entitled to the following perquisites, subject however to a ceiling restricted to 100% of annual salary of appointee, 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 on clubs and personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to appointee, as per rules of the Company. These may be provided for as under:-

Housing

- i) The expenditure incurred by the Company on hiring furnished accommodation for appointee will be subject to the ceiling – 60 (Sixty) percent of the Salary over and above 10 (Ten) per cent payable by the appointee.
- ii) In case the accommodation is owned by the Company, 10 (Ten) per cent of the salary of appointee shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, appointee 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) per cent of the salary of the appointee.

Medical Reimbursement

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

Leave Travel Concession

For the appointee 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 ₹ 10,000/- per annum.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to the appointee, 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 the appointee.

Note: All the perquisites will be interchangeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisites.

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.

These above perquisites as specified in paragraph 2 of Section II of Part II of Schedule XIII to the Act shall not, however be included in the computation of the ceiling on the minimum remuneration specified under Para 1 of Section II of Part II of Schedule XIII to the Act.

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 the appointee.

Provided the aggregate of salary, commission, perquisites, allowances and benefits as contemplated in Clauses (A), (B) and (C) under the Remuneration Clause 3 above shall not in any financial year exceed the overall ceiling stipulated in