

Date: 11<sup>th</sup> March, 2025

To  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Bandra East,  
Mumbai - 400051

Subject: **Clarification with respect to a quick result submitted to the Exchange dated 07-Feb-2025**

Dear Sir,

With reference to your mail dated March 10, 2025 regarding clarification with respect to a quick result submitted to the Exchange dated 07-Feb-2025 we are hereby providing below the information/ clarification as required by you:-

**Reply to point no. 1:**

The consolidated financial result includes results of the associates of Soma Textile & Industries Limited, consolidated in accordance with Indian Accounting Standards 28 'Investment in Associates and Joint Ventures.

Name of the company	Country of Incorporation	% shareholding of Soma Textile & Industries Limited	Consolidated as
Soma Textile FZC	Outside India	40%	Associate

An associate is an entity over which the Group is in a position to exercise significant influence over operating and financial policies. The considerations made in determining whether significant influence is being exercised are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.



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If an entity's share of losses of an associate equal or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit and Loss.

Now, the share of losses of an associate exceeds its interest in the associate, so, the Company discontinues recognising its share of further losses. The amount of investment has been fully impaired hence Nil impact in Consolidated Result. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. [Same will be reflected in Consolidated Results Note No. 7]

So, there will be no difference in Standalone and consolidated figures.

Hope you will find the same in order.

Thanking you,

**Yours faithfully,  
Soma Textiles & Industries Ltd.,**

**Reena Prasad  
(Company Secretary & Compliance Officer)  
M.No.-A53284**

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