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29th

Annual Report

1998-99

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Subhash Silk Mills Limited

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BOARD OF DIRECTORS

Mr. Subash V. Mehra	Chairman & Managing Director
Mr. Chandulal P. Shah	Director
Mr. Sumeet S. Mehra	Director
Mr. Rajinder Kumar Bahri	Director
Mr. Vishnu G. Narang	Director
Mr. Dhiraj S. Mehra	Director
Mr. Lalitha Shankaran	Nominee Director IDBI

AUDITORS :

M/s S. M. Kapoor & Co.

BANKERS

Bank of India
Dena Bank
Citibank N.A.

REGD. OFFICE

Mehra Industrial Compound,
Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai - 400 072.

REGISTRAR & TRANSFER AGENT:

M/s. Online Management Services Ltd.
2, Bandra Hill View Co. op. Hsg. Soc. Ltd.,
3rd Floor, 85, Hill Road, Bandra (West),
Mumbai 400 050.

29TH ANNUAL REPORT 1998-99

Date : 17th November 1999

Day : Wednesday

Time : 11.00 a. m.

Place : The Indian Merchants Chamber,
Kilachand Conference Room,
(2nd Floor), Churchgate,
Mumbai - 400 020.

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NOTICE

Notice is hereby given that the 29th Annual General Meeting of **M/s. SUBHASH SILK MILLS LTD.** will be held at Indian Merchants Chamber, Kilachand Conference Room, (2nd Floor), Churchgate, Mumbai - 400 020 on 17th November, 1999 at 11 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet an as 30th June, 1999 and the Profit and Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vishnu G.Narang, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Rajan Bahri, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. S.M.Kapoor & Co., Chartered Accountants, as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

5. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :

   " RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956; read with Schedule XIII to the Companies Act, 1956; the consent of the members be and is hereby granted to the appointment of Shri Subhash Mehra as Chairman and Managing Director for a period of 5 years with effect from 1st April, 1999 on the terms and conditions as set out In the draft Agreement to be entered into between the Compony and Shri Subhach Mehra placed before this meeting and initialled by the Chairman for the purpose of identification. "

   " RESOLVED FURTHER THAT an Agreement be entered into between the Company with Shri Subhash Mehra in terms of the aforesaid draft."

Regd. Office :
Mehra Industrial Compound
Andheri-Kurla Road, Saki Naka,
Andheri (East), Mumbai 400 072.

By Order of the Board
For **SUBHASH SILK MILLS LTD.**

Place : Mumbai
Date : 17th September 1999

SUBHASH V. MEHRA
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. THE FORM OF PROXY IS HERETO ANNEXED.
2. The instrument appointing a proxy should be deposited at the Registered Office of the Company, duly completed, not less than forty eight hours before the commencement of the meeting.
3. The Register of Member and the Share transfer books of the company will remain closed from wednesday 10 November 99 to Wednesday, 17th November 99. (Both days inclusive)
4. Members are requested to intimate the change in their address, if any, immediately to M/s. Online Management Services Limited. 2, Bandra Hill View Co. op. Soc.Ltd.,3rd Floor, 85, Hill Road, Bandra (West), Mumbai 400 050.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT,1956.

ITEM NO.5

Shri Subhash Mehra was appointed as a Managing Director with effect from 1st of April 1994 for a period of 5 years as per the Agreement dated 1st of April 94 on the terms and conditions as laid down in the Agreement. As the Agreement has expired on 31st March 99; a fresh Agreement on same terms and conditions is entered into for a further period of 5 Years.

Now his appointment will be that of a Chairman and Managing Director of the Company. The terms of Appointment are an under :

I. SALARY : Rs.15,000/- per month.

II. PERKS : Perquisites stated below subject to the condition that the monetary value of those under part A shall be restricted to an amount equal to the annual salary or Rs. 4,50,000/- per anmum, whichever is less.

Category A :

i) Housing I - The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings :

a) At Mumbai, Calcutta and Madras 60% of Salary over and above 10% payable by the Managing Director.

b) At other places 50% of Salary over and above 10% payable by the Managing Director.

ii) Housing II - In case accommodation is owned by the Company 10% of the Salary of Managing Director shall be deducted by the Company.

iii) Housing III - In case no accommodation is provided by the Ccmpany. the Managing Director shall be entitled to house rent allowance subject to the ceilings laid down in Housing I.

The expenditure incurred by the Company on gas, electricity., water and furnishing will be valued as per the Income Tax Rules, 1962. This will however, be subject to a ceiling of 10% of the Salary of the Managing Director.

iv) Medical Reimbursement : Expenses incurred for self and family, subject to a ceiling of one month in a year or 3 months salary over a period of 3 years.

v) Leave Travel concession for self and family once in a year in accordance with the Rules of the Company.

vi) Club Fees : Fees of Clubs subject to a maximum of two clubs. admission and life membership fees not being allowed.

vii) Personal Accident Insurance : Premium not to exceed Ra.4,000/- per annum.

Category B

Contribution to Provident Fund, Super Annuation Fund or Annuity Fund, so however that these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity will be limited to half a month's Salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

Category C :

Provision of Car with driver and telephone at the Managing Director's residence provided that personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

III) Commission @ 1% of the Net Profits of the Company, computed in accordance with sub-section (1) of Section 198 of the Companies Act, 1956; subject to, the amount being restricted to an amount equal to the annual salary.

None of the Directors of the Company in interested in the said Resolution, except Mr. Subhash Mehra, Mr. Sumeet Mehra and Mr. Dhiraj Mehra. However keeping in consideration the importance of the matter the Board recommends the Resolution for your Approval.

Regd. Office :
Mehra Industrial Compound
Andheri-Kurla Road, Saki Naka,
Andheri (East), Mumbai 400 072.

By Order of the Board
For **SUBHASH SILK MILLS LTD.**

Place : Mumbai
Date : 17th September 1999

SUBHASH V. MEHRA
Managing Director

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors hereby present the 29th Annual Report along with the Audited Accounts of the Company for the period ended 30th June, 1999 (15 months).

I. FINANCIAL RESULTS :

		For the Period Ended 30.6.99 (15 Months) Rs. Lacs	For the year Ended 31.3.98 (12 Months) Rs. Lacs
1.	Total Income	209.87	2218.99
2.	Profit / (Loss) Before Depreciation, Interest and Taxes	(1076.31)	32.85
3.	Less : Interest	302.12	204.19
	Depreciation	60.99	70.52
4.	Profit / (Loss) Before Tax	(1439.42)	(241.86)
5.	Less : Provision for Taxes	-	-
6.	Profit / (Loss) after Tax	(1439.42)	(241.86)
7.	Add : Balance brought forward from the Previous Year	2.57	77.66
	Taxation Adjustments of Earlier years	(13.64)	(12.66)
	Depreciation Adjustments of Earlier years	-	-
	Transfer from General Reserve	61.00	165.00
	Investment Allowance Reserve written back	-	14.43
8.	AMOUNT AVAILABLE FOR APPROPRIATIONS:	(1389.50)	2.57
	APPROPRIATIONS:		
	(i) Proposed Dividend on Equity	-	-
	(ii) General Reserve	-	-
	(iii) Balance carried to Balance Sheet	(1389.50)	2.57

Your Directors have extended the current financial year to 15 months ending 30th June, 1999. Henceforth the financial year will be from 1st July to 30th June instead of 1st April to 31st March each year.

Due to lock-out and lack of adequate staff, all efforts were made to bring out a true and fair picture of the financial position of the Company.

Provident Fund : Due to lock-out and lack of management personnel, the Provident Fund for employees at Khopoli remained unpaid as on 30th June, 1999. This has been rectified and provident fund dues are fully paid up as on date.

II. DIVIDEND :

Your Directors do not recommend any Dividend for the period ended 30th June, 1999 (15 months) in view of the loss for the year.

III. LABOUR PROBLEM

The lockout declared by the company with effect from 9th March, 1998 still continues. The Industrial Court has passed an

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adverse order against the Company ordering the Company to pay back wages for the period of lock-out and to restart operations. The Company has filed a Writ Petition in the High Court which is being heard. The Factory at Khopoli which had installed 12 Imported Sulzer Looms has been working partially.

IV. PERFORMANCE

This period has been the worst period in the history of the Company as much could not be achieved due to Lock-Out. The Sales Turnover has fallen drastically from Rs. 2,210.62 Lacs to Rs. 235.14 Lacs. This sale of fabric is primarily due to sale of fabric to creditors of the Company against their outstanding dues.

On the Export side, there have been no sales due to lock-out Last year export sales were Rs. 229.00 Lacs.

The Company has, as on 30th June, 1999, accumulated losses exceeding its entire net worth. The Board of Directors shall make a reference to the Board of Industrial and Financial Reconstruction (BIFR) for determination of the measures which shall be adopted with respect to the company.

V. REVIEW OF ACTIVITIES - KHOPOLI PROJECT :

Due to Lock Out at Andheri Factory, the activities at Khopoli Factory has also been affected. Currently, the Factory at Khopoli is primarily doing outside jobwork as the Company's sales are almost nil.

VI. SUBSIDIARY COMPANY :

Since there is no Subsidiary Company, hence the provisions of Section 212 of the Companies Act, 1956 is not applicable.

VII. PARTICULARS OF DISCLOSURE IN THE REPORT OF BOARD OF DIRECTORS PURSUANT OF COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988

A) Conservation of Energy

Your Company has made efforts and implemented various steps recommended by technical experts to reduce the energy consumption at various levels. Consumption of Energy at Khopoli this last year was 56 KW.

B) Foreign Exchange Earning and Outgo

There have been no foreign exchange earnings in the current year under review. Hence foreign exchange earning and outgo during the year is as follows :

			(Rs. In lacs)
i)	Capital Goods	:	NIL
ii)	Foreign Travelling Expenses	:	NIL
iii)	Import of Raw Materials	:	NIL
iv)	Stores & Spares	:	NIL

C) Research and Development

There has been no significant Research and Development during the year under review due to the lock-out.

IX) AUDITORS:

M/s. S.M. Kapoor & Co., Chartered Accountants are retiring as Statutory Auditors of the Company at the conclusion of the Annual General Meeting. They being eligible for reappointment as Statutory Auditors have furnished the required Certificate U/s. 224(1B) of the Companies Act, 1956. Your Directors recommend their reappointment as Statutory Auditors on remuneration to be approved by the Board.

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