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Subhash Silk Mills Limited

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34th Annual Report 2003-2004

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Subhash Silk Mills Limited

BOARD OF DIRECTORS

Mr.	Subhash V. Mehra	Chairman / Managing Director
Mr.	Sumeet S. Mehra	Director
Mr.	Lav Kumar Vadehra	Director
Ms.	Lalitha Sankaran	Nominee Director IDBI

AUDITORS :

M/s. S. M. Kapoor & Co.

BANKERS :

Bank of India
Dena Bank

REGD.OFFICE

Mehra Industrial Compound,
Andheri-Kurla Road,
Saki Naka, Andheri (E),
Mumbai - 400 072.

REGISTRAR & TRANSFER AGENT :

M/s. Purva Sharegistry (India) Pvt. Ltd.
33, Printing House,
28-D Police Court Lane,
Behind Old Handloom House,
Fort, Mumbai 400 001.

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Date : 22nd December, 2004	Notice	2
Day : Wednesday	Directors Report	4
Time : 11.30 a.m.	Auditor's Report	8
Place : The Indian Merchants Chamber, Pravinchandra Gandhi Board Room, (Fourth Floor) Churchgate, Mumbai – 400 020.	Balance Sheet	12
	Profit & Loss Account	13
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NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of SUBHASH SILK MILLS LTD. will be held at Indian Merchants Chamber, Pravinchandra Gandhi Board Room (Fourth Floor), Churchgate, Mumbai - 400 020 on Wednesday, 22nd December, 2004 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2004 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sumeet Mehra who retires by rotation, and being eligible, offers himself for reappointment.
3. 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 :

4. To consider and if thought fit, to pass with or without modification, the following resolution as a ordinary resolution :

" Resolved that, pursuant to section 293(1)(A) of the Companies Act, 1956, the consent of the Company be and is hereby given to the Board of Directors of the Company for sale of whole and/or part of the undertaking of the Company including the plant and machinery, stocks and consumables, land and building and any others assets of the Company as may be required in order to provide for funds for payment of dues to employees and repayment of debts to banks and financial institutions.

Further Resolved that the Managing Director of the Company be and is hereby authorized to execute the sale deed, present it before the Registrar of Assurances, admit execution and do all such acts and things as may be required in this connection for passing the unencumbered title of the property to the purchasers and to do any other act as may be required for effecting the above transactions."

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

BY ORDER OF THE BOARD
For **SUBHASH SILK MILLS LTD.**

Place : Mumbai
Date : 27th October, 2004

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 Members and the Share Transfer Books of the Company will remain closed from Wednesday, 15th December, 2004 to Tuesday 22th December, 2004 (Both days inclusive).

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4. Shareholders seeking information on accounts published herein are requested to kindly furnish their queries to the Company at least ten days before the date of the meeting to facilitate satisfactory replies.
5. Members are requested to intimate the change in their address, if any, immediately to M/s.Purva Sharegistry (India) Pvt. Ltd, 33 Printing House, 22-D Police Court Lane, Behind Old Handloom House, Mumbai 400 001.
6. The shareholders who attend the meeting are requested to complete the attendance slip and delivery the same at the entrance of the meeting hall. The shareholders holding shares in dematerialized form, should indicate DP ID and Client ID numbers in the attendance slip.
7. The shareholders are requested to bring their copy of the Annual Report to the meeting.

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

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

Place : Mumbai
Date : 27th October, 2004

SUBASH V. MEHRA
Managing Director

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 27th OCTOBER, 2004

Item No. 4
The Companies Act, 1956 requires the consent of the Shareholders of the Company for sale of fixed assets and/or undertakings of the Company. The Company has been under suspension of operations / lockout since February, 1998 and has accrued heavy losses due to the continued and longstanding lockout. Further, due to this complete disruption in the business of the Company since 1998, dues to the Banks and Financial Institution have gone into default. As such, the Company is required to arrange for funds for payment to employees in terms of the MOU dated 26.04.2004 and for repayment of loans taken from Bank of India, Dena Bank and IDBI. In order to provide for these funds, it will be required to sell part or whole of the assets of the Company as may be sufficient to meet the requirement of funds as stated hereinabove.

The consent of the shareholders is hereby sought to effect the required sale of assets and/or undertakings. None of the Directors is in any way concerned or interested in the resolution.

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors hereby present the 34th Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2004.

I. FINANCIAL RESULTS :

	For the year Ended 30.06.2004 Rs. Lacs	For the year Ended 30.06.2003 Rs. Lacs
1. Total Income	1762.53	62.95
2. Profit / Loss Before Depreciation, Interest and Taxes	1320.33	(309.20)
3. Less : Interest	0.02	189.10
Depreciation	41.34	48.16
4. Profit / Loss Before Tax	1278.97	(546.46)
5. Less : Provision for Taxes	-	-
6. Profit / Loss after Tax	1278.97	(546.46)
7. Add : Balance brought forward from the Previous Year	(3754.46)	(3208.00)
Taxation Adjustments of Earlier years	-	-
Depreciation Adjustments of Earlier years	-	-
Transfer from General Reserve	-	-
Investment Allowance Reserve written back	-	-
8. Amount Available for Appropriations:	(2475.49)	(3754.46)
APPROPRIATIONS:		
(i) Proposed Dividend on Equity	-	-
(ii) General Reserve	-	-
(iii) Balance carried to Balance Sheet	(2475.49)	(3754.46)

a) The Company has not made any provision for interest from the current year as a One Time Settlement Proposal has been put forward to the banks for settlement of their dues. As per terms of the proposed One Time Settlement, in view of the heavy losses suffered by the Company, the Company has requested for a reduction in the principal amount payable to the banks and waiver of interest.

b) The Company has entered into a Memorandum of Understanding (MOU) with the employees of the Saki Naka for settlement of all their dues. As per terms of this MOU, an amount of Rs.6.89 Crores is to be paid to the employees in full and final settlement of all the dues on account of wages, overtime, allowances, back-wages, other dues under the award of the impugned Orders of the Hon'ble Industrial Court, Gratuity, Retrenchment/VRS dues, Bonus, Leave Salary, ESIC/Medical Fees or any other dues of whatsoever nature. Necessary provisions and write-backs in the books of account have been made to reflect the terms of this MOU. These transactions have resulted in a profit of Rs.17.10 Crores during the year.

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c) The Companys Bankers, i.e. Bank of India and Dena Bank have taken possession of the assets of the Company at Saki Naka as per the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 on 14.05.2004. A notice for sale of assets was published on 09.08.2004 with reserve prices higher than the offer given by the Company in its OTS. No eligible tenders were received by the Bank in this process. The Company is currently in talks with the Bank for approval of the OTS which envisages sale of assets at Saki Naka and payment to employees, banks, statutory dues and payments to other pressing creditors.

d) As the suspension of operations / lockout still continues at the Sakinaka factory, the Management could not take physical verification of the stocks and assets in the premises. The accounts reflect the book records maintained by the Company, and any discrepancies between the book records and the physical stock could not be verified with respect to the stocks at Sakinaka. However by efflux of time the stocks have gotten spoilt and rendered virtually valueless.

II. DIVIDEND :

Your Directors do not recommend any Dividend for the year ended 30th June, 2004 in view of the heavy accumulated losses.

III. DIRECTORS RESPONSIBILITY STATEMENT :

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with a proper explanation relating to material departures.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period.

(iii) The Directors of have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts on a going concern basis.

IV. STATUS OF LOCKOUT / SUSPENSION OF OPERATIONS :

The lockout declared by the Company with effect from 9th March, 1998 still continues and the Appeal filed before the Hon'ble High Court is pending final hearing before the Division Bench. The Company has entered into a Memorandum of Understanding with the employees of the Saki Naka Unit for the settlement of all disputes with the employees. As per terms of this MOU, an amount of Rs.6.89 Crores is to be paid to the employees in full and final settlement of all the dues on account of wages, overtime, allowances, back-wages, other dues under the award of the impugned Orders of the Hon'ble Industrial Court, Gratuity, Retrenchment/VRS dues, Bonus, Leave Salary, ESIC/Medical Fees or any other dues of whatsoever nature. The said MOU has been placed before the Hon'ble High Court. At present, the Management is discussing with the Banks for the fastest implementation of this MOU. Meanwhile, the Factory at Khopoli with an installed capacity of 12 Imported Sulzer Looms has been working on jobwork basis.

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V. PERFORMANCE :

Sales for the current period are only Rs.46.42 Lakhs. These sales consist of primarily jobwork charges received for weaving at the Khopoli plant.

In lieu of the recovery proceedings initiated by the Banks against the Company under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, the proceedings before the Hon'ble B.I.F.R. have come to standstill.

VI. REVIEW OF ACTIVITIES - KHOPOLI PROJECT :

Due to Lock Out at Andheri Factory, the activities at Khopoli Factory have also been affected. Currently, the Factory at Khopoli is primarily doing outside jobwork

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.

C) Research and Development

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

VIII. DEMATERIALISATION OF SHARES :

The agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for admitting the Equity Shares of the Company in the depository mode still continues. Many shareholders have already dematerialized their shares and Purvaa Sharegistry (India) Pvt. Ltd. continue to be the registrar and transfer agents of the Company for shares held in physical form as well as for providing connectivity in a Depository Mode with both NSDL & CDSL.

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IX. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Sumeet Mehra retires by rotation in the forthcoming Annual General Meeting and is eligible for re-appointment.

X. 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.

XI. PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particularly of Employees) Rules, 1975 and forming part of this Report for the year ended 30th June, 2003 is annexed and forms an integral part of this report.

XII. ACKNOWLEDGEMENT :

Your directors wish to place on record their appreciation for the Investors, Customers, Suppliers, Financial Institutions and Bankers.

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For And on Behalf of the Board

SUBHASH MEHRA

Chairman

Place : Mumbai

Dated: 27th October, 2004

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975; AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 30TH JUNE, 2004.

Sr. No.	Name of the employee	Designation and nature of duties	Remuneration recd. (subject to Income Tax) Rs.	Qualification	Age/ Experience (years)	Date of commencement of employment	Last employed
---------- NIL ----------							

For And On Behalf of the Board

SUBHASH MEHRA

Chairman

Place : Mumbai

Date : 27th October, 2004

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