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Subhash Silk Mills Limited

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39th Annual Report 2008-2009

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BOARD OF DIRECTORS

Mr.	Subhash V. Mehra	Chairman / Managing Director
Mr.	Sumeet S. Mehra	Director
Mr.	Dhiraj S. Mehra	Director
Mr.	Lav Kumar Vadehra	Director
Mr.	Manohar Lal Kapur	Director
Mr.	Radhe Mohan Malhotra	Director

AUDITORS :

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

BANKERS :

Citibank N.A.

REGD.OFFICE

G-15, Ground Floor, Prem Kutir,
177 Marine Drive,
Mumbai 400020

REGISTRAR & TRANSFER AGENT :

M/s. Purva Sharegistry (India) Pvt. Ltd.
Shiv Shakti Industrial Estate,
9, Sitaram Mills Compound,
J.R. Boricha Marg, Lower Parel,
Mumbai - 400011

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NOTICE

NOTICE is hereby given that the 39th 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, 30th September, 2009 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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 Lav Kumar Vadehra who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Sumeet Mehra 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 AN ORDINARY 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 re-appointment of Shri Dhiraj Mehra as Whole-Time Director for a period of 5 years with effect from 1st April, 2009 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Shri Dhiraj Mehra placed before this meeting and initialed by the Executive Director for the purpose of identification."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration, perquisites and any other entitlements including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorized in accordance with the provisions of the Companies Act, 1956 or re-enactment thereof and/or Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Shri Dhiraj Mehra shall be suitably modified to give effect to such variation or increase as the case may be."

Regd. Office :
G-15 Prem Kutir,
177 Marine Drive,
Mumbai – 400 020.

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

Place : Mumbai
Date : 31st July, 2009

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 23rd September, 2009 to 30th Septmber, 2009 (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, Shiv Shakti Industrial Estate, 9 Sitaram Mills Compound, J.R. Boricha Marg, Lower Parel, Mumbai 400011.
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.

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

ITEM NO. 5

Shri Dhiraj Mehra was appointed as Whole-Time Director with effect from 25th October, 2006 for a period of 5 years as per the Agreement dated 15th November, 2006, on the terms and conditions as laid down in the Agreement. Now, a fresh Agreement on revised terms and conditions is entered into for a period of 5 years with effect from 1st April, 2009 as detailed below:

I. SALARY : Rs.40,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time but subject to a maximum salary of Rs.1,00,000/- per month.

II. PERKS : Prerequisites as stated below:

CATEGORY A :

a. Housing I – The Company shall provide rent-free accommodation to the Whole-Time Director within Mumbai city limits or at any other place as may be required from time to time.
b. Housing II – In case no accommodation is provided by the Company, the Whole-Time Director shall be entitled to house Rent Allowance subject to the ceilings laid down in housing.
c. Medical Reimbursement : Expenses incurred for self and family, subject to a ceiling of three months salary in a year or nine months salary over a period of three years.
d. Leave travel concession for self and family once in a year in accordance with the rules of the Company.
e. Club Fees : Fees of the clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
f. Personal Accident Insurance : Premium not to exceed Rs.50,000/- 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.

CATEGORY C :

Provision of Car with driver and telephone at the Whole-Time 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 Whole-Time 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 is 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 :
G-15 Prem Kutir,
177 Marine Drive,
Mumbai 400 020.

Place : Mumbai
Date : 31st July, 2009

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

SUBASH V. MEHRA
Managing Director

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DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors hereby present the 39th Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2009.

I. FINANCIAL RESULTS :

	For the year Ended 31.03.09 Rs. (Lakhs)	For the year Ended 31.03.08 Rs. (Lakhs) (9 months)
1. Total Income	85.10	57.99
2. Profit / Loss Before Depreciation, Interest, Taxes	14.87	19.95
3. Less : Interest	6.59	5.54
Depreciation	25.95	17.17
4. Profit / Loss Before Tax	(-) 17.67	(-) 2.64
5. Less : Provision for Taxes	1.02	2.28
6. Profit / Loss After Tax	(-) 18.69	(-) 4.92
7. Add : Balance b/f. from the Previous Year	(-)643.11	(-)638.02
8. Less : Prior Year Tax Adjustments	(-) 0.22	(-) 0.17
8. Add : Impairment of Assets	0.00	0.00
9. Amount Available for Appropriation	(-) 662.02	(-) 643.11
APPROPRIATIONS :		
(i) Proposed Dividend on Equity	0.00	0.00
(ii) General Reserve	0.00	0.00
(iii) Balance carried to Balance Sheet	(-) 662.02	(-) 643.11

The Company's property at Khopoli has been fully leased out. The said warehousing contracts have yielded an income of Rs.96.73 Lakhs in the current year under review.

Your Company has made sale of Readymade Garments to the service sector and of fabrics to various traders. We are procuring running orders from a few Corporate entities and Hotels for supply of uniforms for their staff and also marketing fabrics in the wholesale and semi-wholesale markets.

II. DIVIDEND :

Your Directors do not recommend any Dividend for the year ended 31st March, 2009 in view of the brought forward 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 loss 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. PERFORMANCE

Sales for the current period are Rs.5.15 Lakhs. Further the Company has received Warehousing Charges of Rs 96.73 Lakhs.

VI. SUBSIDIARY COMPANY :

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

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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 negligble.

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.

IX. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Sumeet Mehra and Mr. Lav Kumar Vadehra retire by rotation in the forthcoming Annual General Meeting and are 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 are not applicable.

XII. ACKNOWLEDGEMENT :

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

For And on Behalf of the Board

Place : Mumbai
Dated: 31st July, 2009

SUBHASH MEHRA
Chairman

CORPORATE GOVERNANCE REPORT

The Company pursuant to Clause 49 of the listing agreement with the Stock Exchanges furnishes its report on the code on Corporate Governance.

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

The Company is committed to achieve the highest international standards of Corporate Governance.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

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2. Board of Directors

I. Composition and Category

The Board of the Company at present consists of six Directors, three being Non-Executive, three of whom are independent.

II.a Attendance of each Director at the Board Meetings, last Annual General Meeting

Name of the Director	Attendance particulars for 2008-2009		
	Board meetings held during tenure as Director	Board Meeting attended	Last AGM
Shri Subhash V. Mehra (C)	5	5	Yes
Shri Sumeet S. Mehra	5	5	Yes
Shri Dhiraj S. Mehra	5	5	Yes
Shri Lav Kumar Vadehra (I)	5	5	Yes
Shri Manoharlal Kapur (I)	5	5	Yes
Shri Radhe Mohan Malhotra (I)	5	4	No

II.b Number of other Directorship and Chairmanship/Membership of Committee of each Director in various Companies

Name of the Director	No of other Directorship and committee membership / chairmanship		
	Other Directorship#	Other Committee **	
		Membership	Chairmanship
Shri Subhash V. Mehra (C)	0	0	0
Shri Sumeet S. Mehra	0	0	0
Shri Dhiraj S. Mehra	0	0	0
Shri Lav Kumar Vadehra (I)	0	0	0
Shri Manoharlal Kapur (I)	0	0	0
Shri Radhe Mohan Malhotra (I)	0	0	0

C – Chairman, ED – Executive Director, I – Independent.

** Only membership / chairmanship of Audit and Shareholders / Investor Grievance Committee is taken into consideration as per clause 49 of the listing agreement.

(excluding directorship held in Private Limited Companies and Section 25 Companies)

III. Number of Board Meetings held and the dates on which held

During the year ended 31st March, 2009, five Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on, 30th April, 2008, 31st July, 2008, 30th September, 2008, 31st October, 2008 and 31st January, 2009.

The Company has held at least one meeting in every three months and the maximum time gap between any two Board meetings was not more than four months. None of the directors of the Company was a member of more than ten committees or the Chairman of more than five committees across all public limited companies in which he is a director.

For the purpose of considering the limit of the Committees as stated above, only Audit Committee and Shareholders / Investor Grievances Committee across all public limited companies has been considered in accordance with clause 49 of the Listing Agreement.

IV. Information on Directors Appointment / Re-appointment

Brief resume of Directors being re-appointed / appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of the companies in which they hold directorship (excluding directorship held in Private Limited companies and Section 25 Companies) and the membership of committees of the Board is furnished hereunder :

(i) **Shri Lav Kumar Vadehra**, aged 66 years. He is a Graduate in Science and Foreign Trade. He worked in senior positions for the State Trading Corporation in New Delhi, New York and Mumbai for 12 years, eventually leaving to start his own pharma-chemical manufacturing and trading business. He has over 40 years experience.

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(ii) **Shri Sumeet Mehra**, aged 38 years has been Executive Director of the Company since a number of years. His management skills, finely honed at Harvard Business School where he attended a 3 month Management Course are an asset to the Company.

(iii) **Shri Dhiraj Mehra**, aged 34 years is a BBA in Marketing from University of Notre Dame, USA. His marketing skills will be an asset to the Company and he is also very well versed in Legal, Financial and Taxation matters.

3. Board Committees

A. Audit Committee

I. Composition, names of members and Chairperson

The Audit committee, during the year under review, comprised of three non-executive Directors, viz. Shri Manoharlal Kapur , Shri Lav Kumar Vadehra and Shri Radhe Mohan Malhotra. Shri Manoharlal Kapur is the Chairman of the Committee and all members of the Audit Committee possess financial/accounting expertise. The constitution of the Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.

II. Terms of Reference

The terms of reference of the Audit Committee, as contained under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 are as follows :

a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions, i.e. transactions of the company of material nature with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
d. Reviewing with the management and auditors, the adequacy of internal control systems.
e. Discussion with auditors any significant findings and followingup there on.
f. Reviewing the findings of any internal investigations by the auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
g. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
h. Reviewing the Company's financial and risk management policies.
i. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

III. Meetings and attendance during the year

During the year ended 31st March, 2009, the Committee has met four times. The meetings were held on 30th April, 2008, 31st July, 2008, 31st October, 2008 and 31st January, 2009. All the members of the Committee were present at all the above meetings.

Representatives of the Auditors were invited to be present at the Audit Committee meetings.

B. Remuneration Committee

The Remuneration Committee comprises of Shri Radhe Mohan Malhotra and Shri Lav Kumar Vadehra.

The Company needs to disclose all pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company.

No significant material transactions have been made with the non-executive directors vis-à-vis the Company.

The Company needs to make disclosures of the remuneration of directors.

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