

30th

Annual Report

1999-2000

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Subhash Silk Mills Limited

BOARD OF DIRECTORS

Mr. Subhash V. Mehra	Chairman / Managing Director
Mr. Chandulal P. Shah	Director
Mr. Sameet S. Mehra	Director
Mr. Rajinder Kumar Bahri	Director
Ms. Lalitha Sankaran	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,
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	27th December 2000	Notice		2
Day	Wednesday	Directors Report		4
Time	12.00 p.m.	Auditor's Report		7
Place	The Indian Merchants Chamber, Kilachand Conference Room, (2nd Floor), Churchgate, Mumbai - 400 020.	Balance Sheet		10
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NOTICE

Subhash Silk Mills Ltd. NOTICE is hereby given that the 30th Annual General Meeting of SUBHASH SILK MILLS LTD. will be held at Indian Merchants Chamber, Kilachand Conference Room, (2nd floor), Churchgate, Mumbai - 400 020 on 27th December, 2000 at 12 p.m. to transfer the following business:

Director
ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2000 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 Chandulal P. Shah 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 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 appointment of Shri Sumet Mehra as Executive Director for a period of 5 years with effect from 1st April, 2000 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Shri Sumet Mehra placed before this meeting and initialed by the Executive Director for the purpose of identification."

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

BY ORDER OF THE BOARD
For SUBHASH SILK MILLS LTD.

Place : Mumbai
Date : 28th November, 2000.

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, the 20th December 2000 - 27th December, 2000 (Both days inclusive).
4. 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 Houst, Mumbai 400 001.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO.5**

Shri Sumeet Mehra was appointed as an Executive Director with effect from 1st August, 1995 for a period of 5 years as per the Agreement dated 1st August, 1996 on the terms and conditions as laid down in the Agreement. As the Agreement has expired on 31st July, 2000, a fresh Agreement on same terms and conditions is entered into for a further period of 5 years.

The terms of Appointment are as under :

- I. **SALARY :** Rs. 10,000/-
- II. **PERKS :** Prerequisites 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.4,50,000.00 per annum, whichever is less.

CATEGORY A :

- i) **Housing I** – the expenditure by the Company on hiring unfurnished accommodations will be subject to the following conditions :
 - a) At Mumbai, Calcutta and Madras 60% of Salary over and above 10% payable by the Executive Director.
 - b) At other places 50% of Salary over and above 10% payable by the Executive Director.
- ii) **Housing II** – In case accommodation is owned by the Company 10% payable by the Executive Director.
- iii) **Housing III** – In case no accommodation is provided by the Company, the Executive Director shall be entitled to house Rent Allowance subject to the ceilings laid down in housing.
- iv) **Medical Reimbursement** : Expenses incurred for self and family, subject to a ceiling of one months salary 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 the clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- vii) **Personal Accident Insurance** : Premium not to exceed Rs.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 Executive 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 Executive 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 and Mr. Sumeet Mehra. However, keeping in consideration the importance of the matter the Board recommends the Resolution for your Approval.

Regd. Office :

Mehra Industrial Estate Compound
Andheri-Kurla Road, Saki nNaka,
Andheri (East), Mumbai 400 072.

By Order of the board
For SUBHASH SILK MILLS LTD.

Place : Mumbai

Date : 28th November, 2000

SUBASH V. MEHRA
Managing Director

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors hereby present the 30th Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2000.

I. FINANCIAL RESULTS :

	For the year Ended 30.06.2000 Rs. Lacs	For the 15 month period Ended 30.06.1999 Rs. Lacs
1. Total Income	93.36	209.87
2. Profit / Loss Before Depreciation, Interest and Taxes	(333.43)	(1076.31)
3. Less : Interest	230.67	302.12
Depreciation	48.97	60.99
4. Profit / Loss Before Tax	(613.07)	(1439.12)
5. Less : Provision for Taxes	-	-
6. Profit / Loss after Tax	(613.07)	(1439.42)
7. Add : Balance brought forward from the Previous Year	(1389.50)	2.57
Taxation Adjustments of Earlier years	-	(13.64)
Depreciation Adjustments of Earlier years	-	-
Transfer from General Reserve	-	61.00
Investment Allowance Reserve written back	6.06	-
8. Amount Available for Appropriations:	(1996.51)	(1389.50)
APPROPRIATIONS:		
(i) Proposed Dividend on Equity	-	-
(ii) General Reserve	-	-
(iii) Balance carried to Balance Sheet	(1996.51)	(1389.50)

The Company has not made any provision for doubtful debts for the current year. A large quantity of stocks belonging to debtors of the Company are currently lying in stock at the Sakinaka factory. The Company should be able to recover debts against these stocks as and when we are in a position to sell / deliver the same.

The Management could not take physical verification of the stocks and assets at Sakinaka due to the suspension of operations / lockout. 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.

II. DIVIDEND :

Your Directors do not recommend any Dividend for the year ended 30th June, 2000 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 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 has been dismissed. An Appeal has been filed against the Order of the Hon'ble High Court which is still pending. The Factory at Khopoli with an installed capacity of 12 Imported Sulzer Looms has been working on jobwork basis.

IV. PERFORMANCE

Sales for the current period are only Rs.93.36 Lakhs. These sales primarily consist of jobwork charges received for weaving at the Khopoli plant totaling 48.86 Lakhs. Further, the fabric sales are primarily due to sale of fabric to creditors of the Company.

The Company's reference before the Board for Industrial and Financial Reconstruction (BIFR) has been registered and the BIFR had ordered a Special Investigative Audit into the Accounts for the period ended 30.06.1999 which has been completed.

V. REVIEW OF SAKI NAKA OPERATIONS

Pursuant to a consent arrangement arrived at between the employees and the Company in the Hon'ble High Court, in October, 1999, an attempt was made to restart the operations of the Saki Naka Unit. However, these restarting attempts were unsuccessful due to factors beyond the control of the Management.

VI. 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.

VII. SUBSIDIARY COMPANY :

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

VIII. 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 Earnings 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.

30th Annual Report 1999-2000**X) PARTICULARS OF EMPLOYEES:**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of this Report for the year ended 30th June, 2000 is annexed and forms an integral part of this report.

XI) ACKNOWLEDGEMENT :

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

Regd. Office

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

By Order of the Board
For SUBHASH SILK MILLS LTD.

Place : Mumbai

Dated: 28th November, 2000.

SUBHASH V. MEHRA
Managing Director

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, 2000.

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

For And On Behalf of the Board

Place : Mumbai

Dated : 28th November, 2000

SUBHASH V. MEHRA
Managing Director