

CERTIFIED TRUE COPY.

For Subhash Silk Mills Ltd.

[Signature]
DIRECTOR



Subhash Silk Mills Limited



32nd Annual Report 2001-2002

Subhash Silk Mills Limited

BOARD OF DIRECTORS

Mr. Subhash V. Mehra
 Mr. Chandulal P. Shah
 Mr. Sumeet S. Mehra
 Mr. Lav Kumar Vadehra
 Ms. Lalitha Sankaran

Chairman / Managing Director
 Director
 Director
 Director
 Nominee Director IDBI

NOTICE

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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NOTICE

Chairman / Managing Director
Director
Director

NOTICE is hereby given that the 32nd 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 Friday, 20th December, 2002 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, 2002 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 modifications, the following resolution as an ordinary Resolution :

" Resolved that Mr. Lav Kumar Vadehra, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and the Company has received notices in writing pursuant to the provisions of Section 257 of the Act from some members of the Company proposing his candidature for the office of Director of the Company, and who has consented, if appointed, to act as a director and is hereby appointed a Director of the Company, liable to retire by rotation."

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

Place : Mumbai
Date : 22nd October, 2002

Notice
Directors Report
Auditor's Report
Balance Sheet
Profit & Loss Account
Schedules to Accounts
Significant Accounting
Policies and Notes to Accounts
Cash Flow Statement
Balance Sheet Abstract and
Company's General Business Profile

BY ORDER OF THE BOARD
For SUBHASH SILK MILLS LTD.
Place: The Indian Merchants Chamber,
Kilachand Conference Room,
(2nd Floor), Churchgate,
Mumbai - 400 020.

SUBHASH V. MEHRA
Managing Director

Subhash Silk Mills Limited

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, 11th December, 2002 to Friday 20th December, 2002 (Both days inclusive).
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 : 22nd October, 2002

SUBASH V. MEHRA
Managing Director

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

Mr. Lav Kumar Vadehra was appointed as Additional Director by the Board of Directors of the Company ("The Board") at its meeting held on 29th July, 2002 with effect from 29th July, 2002 pursuant to the provisions of section 260 of the Companies Act, 1956 ("the Act"). Mr. Lav Kumar Vadehra holds the office upto the date of 32nd Annual General Meeting of the Company. Notices have been received from Members of the Company in pursuance of section 257 of the Act, alongwith deposit of Rs.500 proposing Mr. Lav Kumar as a candidate for the office of Director of the Company. Mr. Lav Kumar has given his consent, if appointed, to act as a Director of the Company.

None of the Directors other than Mr. Lav Kumar Vadehra are concerned or interested in the passing of this resolution.

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors hereby present the 32nd Annual Report along with the Audited Accounts of the Company for the year ended 30th June 2002

I. FINANCIAL RESULTS

	For the year Ended 30.06.2002	For the year Ended 30.06.2001
	Rs. Lacs	Rs. Lacs
1. Total Income	56.56	51.98
2. Profit / Loss Before Depreciation, Interest and Taxes	(310.55)	(329.60)
3. Less : Interest	237.19	237.24
Depreciation	48.97	48.97
4. Profit / Loss Before Tax	(596.71)	(615.81)
5. Less : Provision for Taxes	-	-
6. Profit / Loss after Tax	(596.71)	(615.81)
7. Add : Balance brought forward from the Previous Year	(2611.29)	(1996.51)
Taxation Adjustments of Earlier years	-	-
Depreciation Adjustments of Earlier years	-	-
Transfer from General Reserve	-	-
Investment Allowance Reserve written back	-	1.03
8. Amount Available for Appropriations:	(3208.00)	(2611.29)
APPROPRIATIONS:		
(i) Proposed Dividend on Equity	-	-
(ii) General Reserve	-	-
(iii) Balance carried to Balance Sheet	(3208.00)	(2611.29)

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 still lying in stock at the Sakinaka factory, which is still under lockout. The Company should be able to recover debts against these stocks as and when we are in a position to sell / deliver the same.

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.

II. DIVIDEND :

Your Directors do not recommend any Dividend for the year ended 30th June, 2002 in view of the loss for the year.

Subhash Silk Mills Limited

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. STATUS OF LOCKOUT / SUSPENSION OF OPERATIONS

The lockout declared by the company with effect from 9th March, 1998 still continues. The Appeal filed before the Hon'ble High Court has been admitted by the Division Bench and is to come up for final hearing. The Company is in the process of filing for interim relief in the Appeal. The Factory at Khopoli with an installed capacity of 12 Imported Sulzer Looms has been working on jobwork basis.

V. PERFORMANCE

Sales for the current period are only Rs.56.56 Lakhs. These sales consist of jobwork charges received for weaving at the Khopoli plant. There have been no fabric sales during the year.

The Hon'ble B.I.F.R. in a hearing on 10.09.2002 declared the Company as a Sick Industrial Undertaking. In the same hearing, the Hon'ble Members also gave permission to the Banks and I.D.B.I. to file for recovery of the dues owed by the Company to them. However, the Banks and Financial Institutions were not permitted to execute any decree they may obtain without the permission of the B.I.F.R. The Bench further directed the Operating Agency, I.D.B.I. to take out an advertisement for change of Management of the Company, in which any interested party's, including the current Management, could take out a scheme for rehabilitation of the Company. The Management is currently in the process of preparing a scheme for rehabilitation of the Company. The formal detailed order of the Hon'ble B.I.F.R. are still awaited.

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.

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 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.

IX. 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 Share registry (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.

X. DIRECTORS

Mr. Rajinder Kumar Bahri ceased to be a Director on the Board of the Company with effect from 29th July, 2002 due to personal reasons.

Mr. Lav Kumar Vadehra was appointed as an Additional Director of the Company with effect from 29th July, 2002 and will hold office till the date of the forthcoming Annual General Meeting. A notice has been received from a Member proposing the candidature of Mr. Lav Kumar Vadehra for being appointed as a Director of the Company.

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

XI. 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.

XII. 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, 2001 is annexed and forms an integral part of this report.

Subhash Silk Mills Limited

XIII. 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

SUBHASH MEHRA
Chairman

Place : Mumbai

Dated: 22nd October, 2002

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, 2002.

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

SUBHASH MEHRA
Chairman

Place : Mumbai

Date : 22nd October, 2002