



Subhash Silk Mills Limited

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**33rd
Annual Report
2002-2003**

Subhash Silk Mills Limited

BOARD OF DIRECTORS

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

Chairman / Managing Director
 Director
 Director
 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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NOTICE

NOTICE is hereby given that the 33rd 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 Monday, 15th December, 2003 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, 2003 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.

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 : 15th October, 2003

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 Saturday, 6th December, 2003 to Monday 15th December, 2003 (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 : 15th October, 2003

SUBHASH V. MEHRA
Managing Director

Subhash Silk Mills Limited

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors hereby present the 33rd Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2003.

I. FINANCIAL RESULTS :

	For the year Ended 30.06.2003 Rs. Lacs	For the year Ended 30.06.2002 Rs. Lacs
1. Total Income	62.95	56.56
2. Profit / Loss Before Depreciation, Interest and Taxes	(309.20)	(310.55)
3. Less : Interest	189.10	237.19
Depreciation	48.16	48.97
4. Profit / Loss Before Tax	(546.46)	(596.71)
5. Less : Provision for Taxes	-	-
6. Profit / Loss after Tax	(546.46)	(596.71)
7. Add : Balance brought forward from the Previous Year	(3208.00)	(2611.29)
Taxation Adjustments of Earlier years	-	-
Depreciation Adjustments of Earlier years	-	-
Transfer from General Reserve	-	-
Investment Allowance Reserve written back	-	-
8. Amount Available for Appropriations:	(3754.46)	(3208.00)

APPROPRIATIONS:

(i) Proposed Dividend on Equity	-	-
(ii) General Reserve	-	-
(iii) Balance carried to Balance Sheet	(3754.46)	(3208.00)

The Company has not made any provision for doubtful debts for the current year as there is a large quantity of stocks belonging to debtors of the Company 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, 2003 in view of the loss for the year.

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 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 is also simultaneously in intense discussions with the employees to settle the labour dispute out of Court and an earnest attempt is being made on a daily basis in this regard. Meanwhile, 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.62.95 Lakhs. These sales consist of primarily jobwork charges received for weaving at the Khopoli plant.

The Management had submitted a Draft Rehabilitation Scheme before the Hon'ble B.I.F.R. as per directions of the Bench. The same was discussed with the Operating Agency, I.D.B.I. and the Banks. The Operating Agency and both the Banks felt that the scheme was not workable as it is and that for a successful scheme, an agreement for V.R.S. with the employees was imperative. Further, both the Banks preferred a One Time Settlement rather than a rescheduling of the Company's Loans. The Company is in the process of submitting a fresh proposal taking into account the suggestions by the Operating Agency and the Banks.

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 Shareregistry (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.

Subhash Silk Mills Limited**IX. DIRECTORS**

The sad demise of Mr. C.P. Shah in December, 2002 reduced the number of Directors to four. Mr. C.P. Shah was a revered member of the Board of the Company since 1995 and the vacuum left by his absence shall be impossible to fill.

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 (Particulars 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.

For And on Behalf of the Board

SUBHASH V. MEHRA
Chairman

Place : Mumbai

Dated: 15th October, 2003

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, 2003.

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

For And On Behalf of the Board

Place : Mumbai

Date : 15th October, 2003

SUBHASH V. MEHRA
Chairman

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of M/s. SUBHASH SILK MILLS LIMITED as at 30th June, 2003 and also the Profit & Loss account for the period ended on that date annexed thereto. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Manufacturing & Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet and the profit and loss account subject to Note No. 7, regarding non provision of leave encashment complies with the mandatory accounting standards referred in Section 211 (3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 30th June, 2003, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 30th June, 2003 from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read subject to the :

Note No. 2 to the accounts regarding non-provision for doubtful debts.

Note No. 6 to the notes regarding physical verification of stock.

Note No. 7 to the notes regarding non-provision for leave encashment.

And the notes thereon give the information required by the Companies Act, 1956 in the manners so required and give a true and fair view;