



**Subhash Silk Mills Limited**

**41st  
Annual Report  
2010-2011**

## SUBHASH SILK MILLS LIMITED

Regd. Office : G-15, Ground Floor, Prem Kutir, 177 Marine Drive, Mumbai 400020

### ATTENDANCE SLIP

Folio No. : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Annual General Meeting at the Indian Merchants Chamber, Pravinchandra Gandhi Board Room (Fourth Floor), Churchgate, Mumbai 400 020 on Thursday, 29th September, 2011 at 11.30a.m.

Shareholder's / Proxy's Signature : \_\_\_\_\_

Proxy's Full Name : \_\_\_\_\_  
(In Block Capitals)

NOTES : Please fill this Attendance Slip and hand it over at the entrance at the Hall.

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## SUBHASH SILK MILLS LIMITED

Regd. Office : G-15, Ground Floor, Prem Kutir, 177 Marine Drive, Mumbai 400020.

### PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_

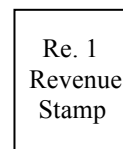
\_\_\_\_\_

being Member / Members of Subhash Silk Mills Limited, Mumbai 400 020 do hereby appoint

\_\_\_\_\_ or failing him / her \_\_\_\_\_

as my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company, to be held on Thursday, 29th September 2011 at 11.30 a.m. and at any adjournment thereof.

This \_\_\_\_\_ day of \_\_\_\_\_ 2011.



(Signature of the member across the stamp)

NOTES : The proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.

**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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**Important Communication to Members**

The Ministry of Corporate Affairs has now permitted companies to send various notices / documents under the Companies Act, 1956, to its shareholders, through electronic mode. We request the Members to support this initiative and register their E-mail addresses in respect of the shares held in the Company with the M/s. Purva Sharegistry (India) Pvt. Ltd. (RTA). Please quote the following particulars in the E-Mail Registration Request : Folio No. / DP ID-Client ID, PAN, Name(s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-Mail) and send the same under your signature(s).

**NOTICE**

NOTICE is hereby given that the 41st 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 Thursday, 29th September, 2011 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, 2011 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 a Director in place of Shri Lav Kumar Vadehra 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.

**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: 28th July, 2011

**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 22nd September, 2011 to 29th September, 2011 (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, 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.

**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: 28th July, 2011

**SUBHASH V. MEHRA**  
Managing Director

## DIRECTOR'S REPORT

### TO THE MEMBERS

Your Directors hereby present the 41st Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2011.

#### I. FINANCIAL RESULTS:

	For the year Ended 31.03.11 Rs.(Lakhs)	For the year Ended 31.03.10 Rs. (Lakhs)
1. Total Income	139.26	111.75
2. Profit / Loss Before Depreciation, Interest and Taxes	44.12	39.59
3. Less : Interest	2.80	3.77
Depreciation	27.38	25.98
4. Profit / Loss Before Tax	13.94	9.84
5. Less : Provision for Taxes	5.65	6.65
6. Profit / Loss After Tax	8.29	3.19
7. Add : Balance b/f. from the Previous Year	(-) 658.85	(-)662.02
8. Less : Prior Year Tax Adjustments	0.00	(-) 0.02
9. Amount Available for Appropriation	(-) 650.56	(-) 658.85
APPROPRIATIONS :		
(i) Proposed Dividend on Equity	0.00	0.00
(ii) General Reserve	0.00	0.00
(iii) Balance carried to Balance Sheet	(-) 650.56	(-) 658.85

The Company's property at Khopoli has been fully leased out. The said warehousing contracts have yielded an income of Rs.111.82 Lakhs (P.Y. Rs.102.58 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. Sales for the upcoming financial year are expected to increase substantially.

#### II. DIVIDEND:

Your Directors do not recommend any Dividend for the year ended 31<sup>st</sup> March, 2011 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.23.58 Lakhs. Further the Company has received Warehousing Charges of Rs 111.82 Lakhs.

#### V. KHOPOLI FACTORY

Yours Directors would like to make special mention and give credit to Mr. Dhiraj Mehra, Executive Director of the Company who has successfully negotiated and finalized a build-to-suit factory to be constructed for a leading biscuit and cookies brand. Accordingly, by the 2nd quarter of the financial year 2011-2012, we will provide about 50,000sq.ft. factory space and by the 2nd quarter of the financial year 2012-2013, we will provide a further 50,000sq.ft. factory space on lease to them. This will bring in a sizeable income to the Company and will fully utilize the spare unused FSI at our Khopoli factory.

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 negligible.

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.

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.

IX. CORPORATE GOVERNANCE:

Your Company reaffirms its commitment to good Corporate Governance practices and endeavours to continuously maintain highest standards of corporate values and ethics. Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate confirming compliance of the conditions of Corporate Governance form a part of this Annual Report.

X. 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.

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 are not applicable.

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

Place : Mumbai

**SUBHASH MEHRA**

Dated : 28<sup>th</sup> July, 2011

Chairman

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**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**Industry Structure & Development**

India's textile Industry has always played a very vital role in the Indian economy contributing to over 20% of the national production. With an employment base of 15 million across all textile sectors, India is only second to China in textile production worldwide and the third largest producer of cotton in the world.

Textiles in India can be broadly classified into two categories, the organized and the unorganized sector. However, considering the importance of the industry in the national economy, the Government is currently taking urgent steps to attract further investment, growth and development in the industry.

### Opportunities & Threats

The textile industry has always been the backbone of the Indian economy. However, with changing circumstances, especially with the emergence of China as a textile centre as well as the continued expansion of the unorganized sector, there is a considerable strain on the profit margins of Companies today.

Having said that, the sheer size of the market for textiles itself gives tremendous impetus for volume sales. The Company is currently working on enhancing its sales in the readymade garment and fabrics sector.

### Financial Performance

Total turnover of the Company during the year was 139.26 Lakhs as against 111.75 Lakhs in the previous year. The turnover increased by 24% compared to the previous year. Profit before interest, depreciation and taxes was Rs. 44.12 Lakhs.

### Risks & Concerns

The primary risk for the Company is with the unorganized low cost sector. Having to compete with low cost, low quality manufacturers is always a concern. Secondly, import of fabrics is always a direct competitor to the Company. There are currently no significant borrowings and as such the Company is well isolated from financial risks & concerns, especially with the increasing interest rates.

### Internal Control Systems

The Company has suitable internal control systems which ensure safeguarding the Company's assets, promote efficiency and ensure compliance with legal and regulatory provisions. The audit committee is headed by a chartered accountant with over 40 years of experience. The statutory auditors also discuss their comments and findings with the management as well as with the audit committee.

For and on behalf of the Board of Directors,

Place : Mumbai  
Date : 28<sup>th</sup> July, 2011

**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.

### 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 2010-2011		
	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	5	Yes

**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 (ED)	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, 2011, five Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on, 30th April, 2010, 31st July, 2010, 30th September, 2010, 8th November, 2010 and 31st January, 2011.

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 Sumeet Mehra**, aged 40 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.
- (ii) **Shri Lav Kumar Vadehra**, aged 68 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..

**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.