



**Subhash** Silk Mills Limited

**43rd**  
**Annual Report**  
**2012-2013**



In Memory of  
**Mr. Subhash Mehra**  
(Chairman & Managing Director)  
02-October-1946 to 22-February-2013



*A heart of gold stopped beating  
Two twinkling eyes closed to rest  
God broke our hearts to prove he only took the best  
Never a day will go by that you're not in our heart.*

## BOARD OF DIRECTORS

Mr. Sumeet S. Mehra	Chairman
Mr. Dhiraj S. Mehra	Managing 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.  
Axis Bank

### 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

43rd ANNUAL REPORT 2012-2013	CONTENTS	
		Page No.
Date : 19th June, 2013	Notice	2
Day : Wednesday	Directors Report	4
Time : 11.30 a.m.	MDAR Report	7
	Corporate Governance Report	7
Place : The Indian Merchants Chamber, Jolly Conference Room, (Fourth Floor) Churchgate, Mumbai – 400 020.	Auditor's Report	14
	Balance Sheet & Profit & Loss Account	17
	Cash Flow Statement	26
	CEO & CFO Certification	27

#### 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 43rd Annual General Meeting of SUBHASH SILK MILLS LTD. will be held at Indian Merchants Chamber, Jolly Conference Room (Fourth Floor), Churchgate, Mumbai - 400 020 on Wednesday, 19th June, 2013 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, 2013 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 Manoharlal Kapur 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 appointment of Shri Sumeet Mehra as Chairman for a period of 5 years with effect from 22nd March, 2013 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Shri Sumeet Mehra placed before this meeting and initialed by the Chairman and Managing 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 Sumeet Mehra shall be suitably modified to give effect to such variation or increase as the case may be.”

6. 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 Dhiraj Mehra as Managing Director for a period of 5 years with effect from 22nd March, 2013 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 Chairman and Managing 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.

Place: Mumbai  
Date: 22nd May, 2013

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

**DHIRAJ 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 13th June, 2013 to 19th June, 2013 (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.

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

Shri Sumeet Mehra was appointed as Chairman with effect from 22nd March, 2013 for a period of 5 years on the terms and conditions as laid down in the Agreement as detailed below:

- I. SALARY : Rs.50,000/- 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.1,50,000/- per month.
- II. PERKS : Prerequisites as stated below:

**CATEGORY A :**

- a. Housing I – The Company shall provide rent-free accommodation to the Chairman 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 Chairman 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.1,00,000/- 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 Chairman'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 Chairman.

- 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. Sumeet Mehra and Mr. Dhiraj Mehra. However, keeping in consideration the importance of the matter the Board recommends the Resolution for your Approval.

**ITEM NO. 6**

Shri Dhiraj Mehra was appointed as Managing Director with effect from 22nd March, 2013 for a period of 5 years on the terms and conditions as laid down in the Agreement as detailed below:

I. SALARY : Rs.1,50,000/- 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.2,00,000/- per month.

II. PERKS : Prerequisites as stated below:

**CATEGORY A :**

- a. Housing I – The Company shall provide rent-free accommodation to the Managing 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 Managing 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.1,00,000/- 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 Managing 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 Managing Director.

None of the Directors of the Company is interested in the said Resolution, except 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.

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

Place: Mumbai  
Date: 22nd May, 2013

**DHIRAJ MEHRA**  
Managing Director

**DIRECTOR'S REPORT**

TO THE MEMBERS

Your Directors hereby present the 43rd Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2013.

**I. FINANCIAL RESULTS:**

	For the year Ended 31.03.13 Rs.(Lakhs)	For the year Ended 31.03.12 Rs.(Lakhs)
1. Total Income	460.25	183.93
2. Profit / Loss Before Depreciation, Interest and Taxes	316.74	67.36

3. Less : Interest	18.42	3.80
Depreciation	37.19	28.47
4. Profit / Loss Before Extraordinary Items	261.13	35.09
5. Extraordinary Items	290.27	0.00
6. Profit / Loss Before Taxes	551.40	35.09
5. Less : Provision for Taxes	116.00	4.19
6. Profit / Loss After Tax	435.40	30.90
7. Add : Balance b/f. from the Previous Year	(-) 619.66	(-) 650.56
8. Less : Prior Year Tax Adjustments	0.00	0.00
9. Amount Available for Appropriation	(-) 184.26	(-) 619.66
APPROPRIATIONS :		
(i) Proposed Dividend on Equity	0.00	0.00
(ii) General Reserve	0.00	0.00
(iii) Balance carried to Balance Sheet	(-) 184.26	(-) 619.66

The Company's property at Khopoli has been fully leased out. The said warehousing contracts have yielded an income of Rs.230.05 Lakhs (P.Y. Rs.123.52 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 financial year have been Rs.13.41 Lakhs.

## II. DIVIDEND:

Your Directors do not recommend any Dividend for the year ended 31<sup>st</sup> March, 2013 in view of the large 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. THE YEAR AT A GLANCE:

Mr. Subhash Mehra, Chairman and Managing Director of the Company and the founder Director of the Company breathed his last on 22<sup>nd</sup> February, 2013. He was a guiding light to the Company and steered it clear of its worst financial crisis in his long tenure as the Managing Director. He will long be remembered as the soul of our Company which bears his name.

Owing to the sad demise of Mr. Subhash Mehra, Mr. Sumeet Mehra has been appointed as the Chairman of the Company and Mr. Dhiraj Mehra as the Managing Director. They have the full support and confidence of the Directors, employees, banks, suppliers and customers of the Company.

During the Year, the Company entered into an Agreement with a Developer for land that the Company received by way of adverse possession. In return for this parcel of land, the Company received certain residential flats from the Developer which the Company proposes to sell in the next year to two years at suitable market prices.

Total Income for the current period has been Rs.460.25 Lakhs. This includes warehousing charges of Rs.230.05 Lakhs and sale of flats of belonging to the Company of Rs.213.77 Lakhs.

## V. SUBSIDIARY COMPANY:

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

## VI. 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.

**VII. 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.

**VIII. 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.

**IX. DIRECTORS:**

Mr. Sumeet Mehra has been appointed as Chairman of the Company and his appointment is to be ratified at the forthcoming Annual General Meeting.

Mr. Dhiraj Mehra has been appointed as Managing Director of the Company and his appointment is to be ratified at the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Lav Kumar Vadehra and Mr. Manoharlal Kapur 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

**SUMEET MEHRA**  
Chairman

Place : Mumbai

Dated: 22nd May, 2013

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Industry Structure & Development

Indian Textile Industry is one of the leading textile Industries in the world. The opening of the economy in 1991 had given a much-needed thrust to the industry in India. India's Textile Industry is largely dependent on textile manufacturing and export and India earns about 17% of its foreign exchange through Indian textile exports.

The Indian Textile Industry also contributes to 4% of the GDP and employs more than 35 million people, the second largest employment only after agriculture, and 14% of the industrial production of the country.

### Opportunities & Threats

The potential size of the Indian textile industry is expected to reach US\$220 billion by 2020. With consumerism and disposable income on the incline, the retail sector has witnessed rapid growth in the past decade. Further, the Government has proposed the establishment of Centres of Excellence for training the workforce in the textile sector.

The threat of low-cost manufacturing and imports from neighbouring countries still exists in India, however with higher quality and better customer service, the Indian Textile Industry will weather this storm of low-cost imports.

### Financial Performance

Total turnover of the Company during the year was 460.25 Lakhs as against 183.93 Lakhs in the previous year. The turnover increased by 150% compared to the previous year. Profit before interest, depreciation and taxes was Rs. 205.52 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 : 22<sup>nd</sup> May, 2013

**Sumeet 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 five 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 2012-13		
	Board meetings held during tenure as Director	Board Meeting attended	Last AGM
Shri Subhash V. Mehra (C) (upto 22 <sup>nd</sup> February, 2013)	5	3	Yes
Shri Sumeet S. Mehra (C)	6	6	Yes
Shri Dhiraj S. Mehra	6	6	Yes
Shri Lav Kumar Vadehra (I)	6	6	Yes
Shri Manoharlal Kapur (I)	6	6	Yes
Shri Radhe Mohan Malhotra (I)	6	6	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) (upto 22 <sup>nd</sup> February, 2013)	0	0	0
Shri Sumeet S. Mehra (C)	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, 2013, six Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on, 15th May, 2012, 31st July, 2012, 27th September, 2012, 12th November, 2012 and 7th February, 2013 and 22nd March, 2013.

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 S. Mehra** aged 42 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. He has been appointed as Chairman of the Company.
- (ii) **Shri Dhiraj S. Mehra**, aged 38 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. He has been appointed as Managing Director of the Company.

- (iii) **Shri Lav Kumar Vadehra**, aged 70 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.
- (iv) **Shri Manoharlal Kapur**, aged 81 years. He is a Chartered Accountant from Mumbai. He has been practicing since over 30 years and is highly experienced in Financial, Accounting and Income Tax Law. He has a wealth of experience, especially in 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 following up 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, 2013, the Committee has met four times. The meetings were held on 15th May, 2012, 31st July, 2012, 12th November, 2012 and 7th February, 2013. 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.

Name of Director	Sitting Fees Paid	Commission Payable	Total Payments Paid/Payable in 2012-13	No. of Board Meetings Held		Attended Last AGM
				Held	Attended	
	(in Rs.)	(in Rs.)	(In Rs.)			
Shri Subhash V. Mehra	-	-	-	5	3	Yes
Shri Sumeet S. Mehra	-	-	-	6	6	Yes
Shri Dhiraj S. Mehra	-	-	-	6	6	Yes
Shri Lav Kumar Vadehra	5,000	-	-	6	6	Yes
Shri Manoharlal Kapur	5,000	-	-	6	6	Yes
Shri Radhe Mohan Malhotra	5,000	-	-	6	6	Yes

#### Executive Directors

Executive Director	Relationship with other Directors	Business Relationship with the Company, if any	Remuneration paid during 2012-13			
			All elements of remuneration package, i.e. salary, benefits, etc.	Fixed components & performance linked incentives etc.	Service contract, notice period, severance fee.	Stock option details, if any.
Shri Subhash V. Mehra (upto 22.02.13)	Father of Shri Sumeet Mehra and Shri Dhiraj Mehra	Managing Director	Rs.5,39,286	Rs.5,39,286	See note (a)	See note (d)
Shri Dhiraj S. Mehra	Son of Shri Subhash Mehra	Managing Director	Rs.12,00,000	Rs.12,00,000	See note (b)	See note (d)
Shri Sumeet Mehra	Son of Shri Subhash Mehra	Chairman	Rs.6,90,000	Rs.6,90,000	See note (c)	See note (d)

a) The appointment is subject to termination by three months notice in writing on either side. The appointment is for a period of five years w.e.f. 1-April-2010. No severance fees is payable to the Managing Director.

b) The appointment is subject to termination by three months notice in writing on either side. The appointment is for a period of five years w.e.f. 22-March-2013. No severance fees is payable to the Managing Director.

c) The appointment is subject to termination by three months notice in writing on either side. The appointment is for a period of five years w.e.f. 22-March-2013. No severance fees is payable to the Chairman.

d) The Company did not grant any stock options to its Directors or Employees.

#### C. Shareholders / Investor Grievance Committee

The Board of the Company has constituted a Shareholders Grievance Committee comprising of non-executive Directors viz. Shri Lav Kumar Vadehra as Chairman of the Committee and Shri Radhe Mohan Malhotra.

The Committee oversees the performance of the Registrar and Share Transfer Agents and recommends measures to improve investor services.

The Company has authorized Directors severally to approve the share transfers.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the Committee to implement and monitor the various requirements as set out in the Code.

The Board has designated Shri Dhiraj Mehra, Director as the compliance officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year under review was NIL. Outstanding complaints as on 31st March, 2013 were NIL. No requests for transfer or dematerialization were pending for approval as on 31st March, 2013.

#### 4. General Body Meetings

I. Location and time of the last three Annual General Meetings were as follows :-

Year	Location	Date	Time
2009-2010	Indian Merchants Chamber, Mumbai	28 Sep 10	11.30am
2010-2011	Indian Merchants Chamber, Mumbai	29 Sep 11	11.30am
2011-2012	Indian Merchants Chamber, Mumbai	27 Sep 12	11.30am

II. Special Resolution

A Special Resolution was passed reappointing Shri Dhiraj Mehra as Executive Director, at the Annual General meeting held on 30th September, 2009.

A Special Resolution was passed reappointing Shri Subhash Mehra as Chairman and Managing Director, at the Annual General meeting held on 29th September, 2010.

A Special Resolution was passed appointing Shri Sumeet Mehra as Executive Director, at the Annual General meeting held on 27th September, 2012.

III. Postal Ballot

At the ensuing Annual General Meeting there is no resolution which is proposed to be passed by postal ballot.

#### 5. Code of Conduct for Directors' / Management Personnel

The Company has a Code of Conduct for Directors and Management Personnel which is strictly adhered to. In terms of Clause 49 of the Listing Agreement and contemporary practices of good corporate governance, a Code of Conduct was laid down by the Board for all the Board Members and Senior Management of the Company. The said code is available on the Company's web-site ([www.subhashsilk Mills.com](http://www.subhashsilk Mills.com)). All the Board Members and Senior Management have affirmed compliance with the said Code A declaration signed by the Chairman and Managing Director of the Company is given below :

I hereby confirm that the Company has obtained from all the members of the Board and management personnel affirmation that they have complied with the Code of Conduct for Directors' / Management Personnel in respect of the financial year 2012-13.

Sd/-

Dhiraj Mehra  
Managing Director

#### 6. CEO and CFO Certification

The Managing Director and the Audit Committee Chairman of the Company give annual certification of the financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director and the Audit Committee Chairman also give quarterly certification on financial results while placing the financial certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

#### 7. Means of Communication

Quarterly, half-yearly and annual results are normally published in the leading English Newspaper, namely Asian Age and one regional daily, namely Pratyaksha, having wide circulation and promptly furnished to the Stock Exchanges for display on their website. The financial results and other important information are also displayed on the Company's website – [www.subhashsilk Mills.com](http://www.subhashsilk Mills.com).

"Management Discussion & Analysis" forms part of the Annual Report.

#### 8. DISCLOSURES

(i) **Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors or themanagement, their subsidiaries or associates or relatives, etc. that may have potential conflict with the interests of the company at large.**

None of the transactions with any of the related parties wherein conflict with the interest of the Company. Attention of members is drawn to the disclosures of transactions with related parties set out in the Schedule 24 – Notes to the Accounts.

**(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, or any matter related to capital markets, during the last three years.**

The Company is complying with all the necessary regulations of the Stock Exchanges and SEBI and has approached the Bombay Stock Exchange for revocation of the suspension on trading in the Company's script.

<b>9. General Shareholder Information</b>	
<b>I. Annual General Meeting</b>	
Date & Time :	Wednesday, 19th June, 2013 at 11:30a.m.
Venue :	Jolly Conference Room, Indian Merchants Chamber, Churchgate, Mumbai 400020
<b>II. Financial Calendar 2013-14 (tent.)</b>	
Results for quarter ended 30-June-13	Last week of July, 2013
Results for quarter ended 30-Sep-13	Last week of October, 2013
Results for quarter ended 31-Dec-13	Last week of January, 2014
Results for quarter ended 31-Mar-14	Last week of April, 2014
Annual General Meeting	September, 2014
<b>III. Book Closure Date</b>	13-June-2013 to 19-June-2013 (both days inclusive).
<b>IV. Dividend Payment date</b>	N/A.
<b>V. Listing of Equity Share on</b>	The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400001
<b>VI. Annual Listing Fees</b>	Duly paid to The Bombay Stock Exchange Limited for the year 2013-14.
<b>VII. Stock Code</b>	The Bombay Stock Exchange – “530231” Scrip ID – “SUBSM”
<b>VIII. Registrar &amp; Transfer Agent</b>	M/s. Purva Sharegistry (India) Pvt. Ltd., Shiv Shakti Industrial Estate, 9, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai 400011 Tel. : 022-23016761 / 23018261
<b>IX. Share Transfer System</b>	
Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.	
The Company obtains from a company secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.	
<b>X. Distribution of Shareholding as on 31st March, 2013</b>	
<b>Category</b>	<b>%</b>
Promoters	71.75
Financial Institutions / Banks / Mutual Funds	4.68
FII's / NRI / OCBs	0.00
Bodies Corporate	6.31
Others	17.26
<b>Total</b>	<b><u>100.00</u></b>

**XI. Dematerialisation of Shares**

Approximate 61.59% of the company's paid up equity has been dematerialised upto 31st March, 2013. Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. April, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI)

**XII. Outstanding GDRs/ADRs/Warrants or any Convertible instrument, conversion date and likely impact on equity.**

There are no outstanding GDRs / ADRs / Warrants or any Convertible instruments issued by the Company as on date.

**XIII. Plant locations**

Subhash Silk Mills Ltd.  
Village Sajgaon, Taluka Khalapur,  
District Raigad,  
Maharashtra.

**XIV. Address for Correspondence****I. Investor Correspondence :**

For Shares held in Physical Form :

M/s. Purva Sharegistry Pvt. Ltd.,  
Shiv Shakti Industrial Estate,  
9 Sitaram Mills Compound,  
J.R. Boricha Marg,  
Lower Parel,  
Mumbai 400011.  
Tel. : 022-23016761 / 23018261

For Shares held in Demat Form :  
to the Depository Participant.

**XV. Transfer of unclaimed amount to Investor Education and Protection Fund**

The investors are advised to claim the unecashed dividends for the year 2005-06 onwards lying in the unpaid dividend accounts of the Company before the due dates. During the year under review the Company has not credited any amount to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

**Auditors' Certificate on Corporate Governance**

To the Members of  
Subhash Silk Mills Limited  
Mumbai.

We have examined the compliance of conditions of Corporate Governance by Subhash Silk Mills Limited (the Company) for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**S.M. Kapoor & Co.**  
Chartered Accountants

**Shekhar Gupta**

Partner  
M. No. 15622  
Mumbai, 22nd May, 2013



## AUDITORS' REPORT

To the Members of **Subhash Silk Mills Ltd.**

### Report on the Financial Statements

We have audited the accompanying financial statements of Subhash Silk Mills Ltd. ('the Company') which comprise the Balance Sheet as on 31st March 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements given the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to the :

Note No. (vi) to the notes to the accounts regarding non-provision for leave encashment and gratuity.

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2003 ('the Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the *Annexure* a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 those books;

- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
- e. On the basis of written representation received from the Directors as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

for S.M. Kapoor & Co.  
Chartered Accountants

**(Shekhar Gupta)**

Partner

Membership No. 15622

Place: Mumbai  
Date : 22nd May, 2013

#### **Annexure to the Auditor's Report**

The Annexure referred to in our report to the members of Subhash Silk Mills Limited ('the Company') for the year ended 31<sup>st</sup> March, 2013. We report that:

- (i) The nature of the Company's business/activities during the is such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the ended.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) In our opinion, the procedures followed by the Management, were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has made substantial disposals during the which has not affected the going concern.
- (iii) In respect of its Inventories:
  - (a) stores, spare parts and raw materials and the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanation given to us, the procedure for verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act and hence clause (iii) sub-clauses (a), (b), (c) and (d) of para 4 not applicable.
  - (a) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to of the information and explanations given to us, the Company has taken interest free loans from 3 parties covered in register u/s 301 aggregating to Rs.1,92,60,825.
  - (b) The terms and conditions of the loans are, in our opinion, prima facie not prejudicial to the interests of the company.
  - (c) The payment of principal amount to the parties from whom loans taken by the company is regular as per the mutual understanding between the parties.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase and sale of inventory.
- (vi) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;
  - (a) To the best of our knowledge and belief and according the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
  - (b) According to the information and explanations given to us, transactions in excess of Rs.5 lakhs

have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public as per the provisions of Sections 58A and 58AA of Companies Act, 1956.

(viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business

(ix) In our opinion and according to the information and explanation given to us, the maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub-section 1 of section 209 of the Act.

(x) In our opinion and according to the information and explanations given to us in respect of statutory and other dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Salestax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues to the extent of applicability to the Company with the appropriate authorities during the year.

(b) There is no disputed dues of Sale Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess other than ESIC of Rs.2,28,952 against which an appeal is pending before the Hon'ble High Court.

(xi) According to the information and explanation given to us, the company does not have accumulated losses at the end of the financial, which is more than 50% of its net worth. However, the company has no cash losses in the current financial year or in the preceding financial year.

(xii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

(xv) According to the information and explanations given to us, the company has not taken any term loans during the year.

(xvi) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment pending Application.

(xvii) The Company has not made any preferential allotment during the year.

(xviii) The company has not issued any debentures during the year under review.

(xix) The Company has not raised any money by public issue during the year.

(xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

for S.M. Kapoor & Co.  
Chartered Accountants

**(Shekhar Gupta)**

Partner

Membership No. 15622

Place: Mumbai  
Date: 22<sup>nd</sup> May, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.		31.03.2013 Rs.		31.03.2012 Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>1) SHAREHOLDERS FUNDS</b>					
a) Share Capital	1	4,04,93,808		4,04,93,808	
b) Reserves & Surplus	2	2,75,55,971	6,80,49,779	(1,59,83,933)	2,45,09,875
<b>2) NON-CURRENT LIABILITIES</b>					
a) Long Term Borrowings	3	1,98,78,202		2,11,14,244	
b) Other Long Term Liab.	4	2,46,93,626	4,45,71,828	1,90,82,264	4,01,96,508
<b>3) CURRENT LIABILITIES</b>					
a) Trade Payables	5	31,51,031		15,19,555	
b) Other Current Liab	6	30,67,446		2,45,72,130	
c) Short Term Provisions	7	85,58,948	1,47,77,425	0	2,60,91,695
			<u>12,73,99,033</u>		<u>9,07,98,078</u>
<b>II. ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) Fixed Assets					
i) Tangible Assets	8	7,90,12,466		8,27,76,546	
ii) Capital Work-in-Progress		1,42,31,344		8,59,739	
b) Non-Current Investments	9	33,100		33,100	
c) Long Term Loans & Advances	10	11,38,937	9,44,15,847	10,50,937	8,47,20,324
<b>2) CURRENT ASSETS</b>					
a) Inventories	11	2,24,16,772		8,24,189	
b) Trade Receivables	12	29,92,243		10,86,581	
c) Cash & Cash Equival.	13	15,66,584		13,04,937	
d) Short Term Loans & Advances	14	58,25,392		24,10,875	
e) Other Current Assets	15	1,82,195	3,29,83,185	4,51,172	60,77,754
			<u>12,73,99,033</u>		<u>9,07,98,078</u>

**Significant Accounting Policies****Notes to the financial statements**

22

1 to 22

As per our report of even date  
For S. M. Kapoor & Co.  
Chartered Accountants

For and on Behalf of the Board

**SHEKHAR GUPTA**  
Partner

**SUMEET MEHRA**  
Director

**DHIRAJ MEHRA**  
Director

**MANOHARLAL KAPUR**  
Director

Place : Mumbai  
Date : 22<sup>nd</sup> May, 2013

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
<b>I. INCOME</b>			
1. Revenue from Operations	16	13,41,102	57,39,478
2. Other Income	17	4,46,84,022	1,26,53,593
<b>Total Revenue</b>		<u>4,60,25,124</u>	<u>1,83,93,071</u>
<b>II. EXPENSES</b>			
3. Cost of Materials			
Consumed	18	13,22,150	25,97,931
4. Change in inventories of			
Finished Goods, Stock in			
Progress & Stock in Trade	19	(8,09,217)	(3,31,455)
5. Employee Benefit Exp.	20	17,59,599	13,45,215
6. Finance Costs	21	18,41,988	3,80,081
7. Depreciation &			
Amortization Expenses	8	37,18,844	28,46,503
8. Other Expenses	22	1,20,78,855	80,45,188
<b>Total Expenses</b>		<u>1,99,12,219</u>	<u>1,48,83,462</u>
Profit Before Tax & Extraordinary Income		2,61,12,904	35,09,609
<b>Extraordinary Income</b>			
Capital Gain from Land Development		2,90,27,000	0
Profit Before Tax after Extraordinary Income		5,51,39,904	35,09,609
Tax Expenses			
Current		61,50,000	4,19,131
Current on Extraordinary Income		54,50,000	0
<b>Profit for the Year</b>		<u>4,35,39,904</u>	<u>30,90,478</u>
Earning per Share of face value of Rs.10/- each after Extraordinary Charges			
Basic and Diluted (in Rs.)		10.27	0.73
Earning per Equity Share of face value of Rs.10/- each before Extra Ordinary Charges			
Basic and Diluted (in Rs.)		4.71	0.73

**Significant Accounting Policies** 23  
**Notes to the financial statements** 1 to 24

As per our report of even date  
For S. M. Kapoor & Co.  
Chartered Accountants

For and on Behalf of the Board

**SHEKHAR GUPTA**

Partner

Place : Mumbai  
Date : 22<sup>nd</sup> May, 2013

**SUMEET  
MEHRA**

Director

**DHIRAJ  
MEHRA**

Director

**MANOHARLAL  
KAPUR**

Director

**NOTES TO THE FINANCIAL STATEMENTS**

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
50,00,000 Equity Shares (P.Y. 50,00,000) of Rs. 10 each	5,00,00,000	5,00,00,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
42,40,500 (P.Y. 42,40,500) Equity Shares of Rs.10/- each	4,24,05,000	4,24,05,000
Less : Calls in arrears	19,11,192	19,11,192
	<u>4,04,93,808</u>	<u>4,04,93,808</u>
Details of Shareholders holding more than 5% shares:		
Subhash Mehra	6,33,500	6,33,500
Excellent Holdings Pvt. Ltd.	4,90,900	4,90,900
Nameeta Mehra	4,77,000	4,77,000
Taranga Holdings Pvt. Ltd.	4,11,800	4,11,800
Dhiraj Mehra	2,80,500	2,80,500
Ved Prakash Mehra HUF	2,44,400	2,44,400
Sumeet Mehra	2,35,900	2,35,900
<b>2. RESERVES &amp; SURPLUS</b>		
Security Premium	5,52,20,000	5,52,20,000
Less : Calls in Arrears	92,38,000	92,38,000
	4,59,82,000	4,59,82,000
Balance in Profit & Loss Statement As per Last Balance Sheet	(6,19,65,933)	(6,50,56,411)
Add : Profit for the Year	4,35,39,904	30,90,478
	<u>(1,84,26,029)</u>	<u>(6,19,65,933)</u>
	<u>2,75,55,971</u>	<u>(1,59,83,933)</u>
<b>3. LONG TERM BORROWINGS</b>		
<b>SECURED</b>		
Car Loan – from Banks (Secured Ag. Hypothecation of Cars)	6,17,377	10,64,184
<b>UNSECURED</b>		
From Directors	1,92,60,825	2,00,50,060
	<u>1,98,78,202</u>	<u>2,11,14,244</u>
<b>4. OTHERS LONG TERM LIABILITIES</b>		
Deposits Received from Tenants	2,46,93,626	1,90,82,264
	<u>2,46,93,626</u>	<u>1,90,82,264</u>
<b>5. TRADE PAYABLES</b>		
For Goods		
Micro, Small & Medium Enterprises	-	-
Others	5,39,731	1,86,141
For Expenses	9,98,037	8,78,445
For Capital Goods	16,13,263	4,54,979
	<u>31,51,031</u>	<u>15,19,565</u>
The details of amounts outstanding to Micro, Small & Medium Enterprises based on available information with the Company is NIL		
<b>6. OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long Term Debts	4,49,187	4,97,002
Other Payables	26,18,259	2,40,75,127
	<u>30,67,446</u>	<u>2,45,72,130</u>

## NOTES TO THE FINANCIAL STATEMENTS (contd)

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
<b>7. SHORT TERM PROVISIONS</b>		
Provision for Income Tax	1,25,20,000	0
Less Advance Tax Including TDS	<u>39,61,052</u>	<u>0</u>
	<u>85,58,948</u>	<u>0</u>

**8. FIXED ASSETS**

	Gross Block				Depreciation				Net Block	
	Cost as on 31 Mar, '12	Additions	Deductions/ Transfers	Cost as on 31 Mar, '13	As on 31 Mar, '12	For the Year	Deduction/ Transfer	As on 31 Mar, '13	As At 31 Mar, '13	As at 31 Mar, '12
Land-Freehold	1,23,00,335	25,000	0	1,23,25,335	0	0	0	0	1,23,25,335	1,23,00,335
Factory Building	9,20,29,259	0	0	9,20,29,259	2,66,36,933	30,73,777	0	2,97,10,710	6,23,18,549	6,53,92,326
Electrical Installation	35,47,024	0	0	35,47,024	31,64,080	31,633	0	31,95,713	3,51,311	3,82,944
Computer	3,51,405	0	0	3,51,405	1,91,938	56,963	0	2,48,901	1,02,504	1,59,467
Vehicles	61,37,886	0	5,19,312	56,18,574	17,27,700	5,46,101	2,66,983	20,06,818	36,11,756	44,10,186
Office Equipment	1,66,373	1,82,091	0	3,48,464	27,181	10,370	0	45,453	3,03,011	1,31,290
<b>Total</b>	<b>11,45,32,282</b>	<b>2,07,091</b>	<b>5,19,312</b>	<b>11,42,20,061</b>	<b>3,17,55,734</b>	<b>37,18,844</b>	<b>2,66,983</b>	<b>3,52,07,595</b>	<b>7,90,12,466</b>	<b>8,27,76,548</b>
P.Y.	7,68,07,788	3,78,39,494	1,150,000	11,45,32,282	2,89,48,381	28,46,503	39,150	3,17,55,734	8,27,76,548	4,78,59,407

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
<b>9. NON CURRENT INVESTMENTS</b> (Unquoted unless otherwise stated) <b>NON TRADE AT COST</b> 25 Shares (P.Y. 25 Shares) of Rs.100/- each fully paid up in Rayon Mills Commercial Corporation	2,500	2,500
306 Shares (P.Y. 306 Shares) of Rs.100/- each fully paid up in Art Silk Co-operative Ltd.	<u>30,600</u>	<u>30,600</u>
	<u>33,100</u>	<u>33,100</u>
<b>10. LONG TERM LOANS AND ADVANCES</b> Security Deposits	<u>11,38,937</u>	<u>10,50,937</u>
	<u>11,38,937</u>	<u>10,50,937</u>
<b>11. INVENTORIES</b> Stock of Fabrics	16,33,406	
Stock of Flats	<u>2,07,83,366</u>	8,24,189
	<u>2,24,16,772</u>	<u>8,24,189</u>
<b>12. TRADE RECEIVABLES</b> (Unsecured considered good) Over six months	3,18,062	79,486
Others	<u>26,74,181</u>	<u>10,07,095</u>
	<u>29,92,243</u>	<u>10,86,581</u>

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	88,851	32,708
Balance with Bank	11,45,733	12,55,229
Fixed Deposits with Bank	3,32,000	17,000
	<u>15,66,584</u>	<u>13,04,937</u>
<b>14. SHORT TERM LOANS AND ADVANCES</b>		
Balance with Govt. Authorities	22,093	11,845
Others	58,03,299	23,99,030
	<u>58,25,392</u>	<u>24,10,875</u>
<b>15. OTHER CURRENT ASSETS</b>		
Taxes Paid (net of Provisions)	0	4,51,172
Others	1,82,195	0
	<u>1,82,195</u>	<u>4,51,172</u>
<b>16. REVENUE FROM OPERATIONS</b>		
Sale of Garments	13,40,561	57,15,523
Income from Services	541	23,955
	<u>13,41,102</u>	<u>57,39,478</u>
<b>17. OTHER INCOME</b>		
Warehousing Charges	2,30,05,165	1,23,51,506
Interest Recd. from Others	48,019	1,64,837
Profit from Sale of Flats	2,13,76,838	0
Other non-operating Income	2,54,000	1,37,250
	<u>4,46,84,022</u>	<u>1,26,53,593</u>
<b>18. COST OF MATERIAL CONSUMED</b>		
	% of Consumption	% of Consumption
Imported	0%	0%
Indigeneous – Fabrics	100%	100%
- Others	0	0
	13,22,150	24,85,298
	0	1,12,633
	<u>25,97,931</u>	<u>21,34,341</u>
<b>19. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE</b>		
Closing Stock of Finished Goods	16,33,406	8,24,189
Opening Stock of Finished Goods	8,24,189	4,92,734
	<u>(8,09,217)</u>	<u>(3,31,455)</u>
<b>20. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	16,74,955	12,79,200
Staff Welfare Expenses	84,644	66,015
	<u>17,59,599</u>	<u>13,45,215</u>
<b>21. FINANCE COSTS</b>		
Interest Expenses	18,37,303	3,75,728
Other Borrowing Costs	4,685	4,353
	<u>18,41,988</u>	<u>3,80,081</u>



## NOTES TO THE FINANCIAL STATEMENTS (contd)

		As at 31.03.2013 Rs.		As at 31.03.2012 Rs.
<b>21. OTHER EXPENSES</b>				
<b>Manufacturing Expenses</b>				
Packing Charges	0		8,755	
Labour Charges	2,39,917		9,70,769	
Other Mfg. Expenses	1,15,249	3,55,166	50,902	10,30,426
<b>Other Expenses</b>				
Advertisement Expenses	97,386		16,897	
Commission Paid	80,000		5,02,222	
Rates & Taxes	17,51,339		5,96,003	
Rent	31,20,000		17,04,752	
General Expenses	1,75,076		1,55,867	
Electricity Expenses	35,566		0	
Printing & Stationery Exp.	29,455		0	
Communication Exp.	1,71,033		1,92,407	
Motor Car Expenses	4,63,829		4,77,983	
Charity & Donations	64,203		75,205	
Security Charges	3,33,492		2,34,666	
Repairs & Maintenance	42,393		57,987	
Bldg. Repairs & Maint.	13,11,254		3,17,368	
Conveyance Expenses	2,64,659		1,12,728	
Auditors' Remuneration	50,000		50,000	
Directors Remuneration	23,39,286		17,50,000	
Insurance Expenses	80,058		53,866	
Legal & Prof. Charges	7,23,582		5,78,841	
Loss on Sale of Car	1,02,329		20,850	
Sundry Balances W/off.	4,88,749	1,17,23,689	1,17,119	70,14,762
		1,20,78,855		80,45,188

**NOTE 23: SIGNIFICANT ACCOUNTING POLICIES****(i) BASIC OF PREPARATION OF FINANCIAL STATEMENTS**

- (a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company
- (b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

**(ii) USE OF ESTIMATES**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

**(iii) FIXED ASSETS**

Fixed assets have been stated at cost of acquisition including incidental charges to bring the asset into the working condition for the intended use less depreciation.

**(iv) DEPRECIATION AND AMORTISATION**

- (a) Depreciation on fixed assets are provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, subject to writing off of 95% of the original cost.

**(v) IMPAIRMENT**

Impairment loss is recognized whenever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

(vi) INVESTMENTS

All long term Investments are valued at cost. However Provision for Diminution is made if such diminution is permanent in nature.

(vii) INVENTORIES

(a) Inventories of fabric and garments are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence. Finished goods and Work-in-progress include an appropriate proportion of overheads and, where applicable, excise duty.

(b) Inventory of flats are valued at the lower of cost and estimated net realizable value.

(viii) SALES

Sales comprises of sale of fabric, garments and flats less rebates, incentives and returns.

(ix) RECOGNITION OF REVENUE

(a) Sales : Sales of fabrics and garments are recognized as and when the goods are dispatched to the party.

(b) Sale of Flats are recognized as and when the document is registered and possession is given to the party.

(c) Other Income: Other Income is recognized as and when it has become due.

(x) RETIREMENT BENEFIT SCHEMES

Provision for retirement benefits, to the extent applicable to the Company, has been provided as follows:

(a) Provident Fund is not applicable to the Company.

(b) Gratuity has not been provided in the books of accounts as the same will be charged as and when paid.

(c) Leave encashment has not been provided in the books of accounts as the same will be charged as and when paid.

(xi) TAXATION

Provision for current income tax is made in accordance with the Income Tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(xii) METHOD OF ACCOUNTING

The Company follows mercantile system of accounting, Income and Expenditure are accounted for on accrual basis unless otherwise stated.

(xiii) BORROWING COSTS

Interest and other costs incurred for acquisition of qualifying assets, upto the date of commissioning / installation, are capitalized as part of the cost of the said asset.

(xiv) FOREIGN CURRENCY TRANSLATION

Liabilities / Assets in foreign currencies are reckoned in the accounts as per the following governing principles :

(a) All foreign currency transactions, except (b) below mentioned, are recorded at the rate prevailing on the date of the transaction and the exchange difference arising out of the year end transactions are charged to the Profit & Loss Account.

(b) All foreign currency Assets and Liabilities are restated at the exchange rate prevailing at the year end. The net variation arising out of the said translation are adjusted to the cost of the Fixed Assets. Depreciation on such variation is provided for the full year.

(xv) PROVISIONS, CONTINGENT LIABILITIES and CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**NOTE 24: OTHER NOTES:**

(1) CONTINGENT LIABILITIES

- (a) There are no known contingent liabilities on the Company for the year.
- (2) The Company has shown Sundry Debtors and Loans and Advances over six months as good as in the opinion of the management the same is recoverable and no provision is required to be made.
- (3) Retirement Benefit Scheme
- a) The Company has not provided for Leave Encashment which is unascertained and will be provided as and when it is paid by which the profit of the Company has been overstated to that extent.
- b) The Company has not provided for Gratuity which is unascertained and will be provided as and when it is paid by which the profit of the Company has been overstated to that extent.
- (4) The Company has not made any provisions for deferred tax asset as it is not certain that this amount will be realized in the near future.
- (5) As per the Accounting Standard (AS) 28 – Impairment of Assets, the Management carried out an internal impairment test as of 31<sup>st</sup> March 2013 and provided for the impairment loss where recoverable amount was lower than the amount carried in the accounts by providing for the same in the books of account.
- (6) Debit and Credit balances are subject to confirmation.
- (7) Auditors remuneration includes :

	31.03.13	31.03.12
	Rs.	Rs.
Audit fees	30,000.00	30,000.00
Tax Audit	20,000.00	20,000.00
Service Tax	<u>6,180.00</u>	<u>5,150.00</u>
TOTAL	56,180.00	55,150.00

(8) Capital Work in Progress:

	31.03.2013	31.03.2012
	Rs.	Rs.
Building Under Construction	Rs.14,231,344.00	Rs.8,59,739.00
TOTAL	<u>Rs.14,231,344.00</u>	<u>Rs.8,59,739.00</u>

(9) CONSUMPTION OF STORES & SPARES:

	31.03.2013		31.03.2012	
	Value (Rs.)	% of Total	Value (Rs.)	% of Total
a) Imported	-	-	-	-
b) Indigenous	<u>0.00</u>	<u>100%</u>	<u>0.00</u>	<u>100.00%</u>
TOTAL	0.00	100%	0.00	100.00%

(10) C.I.F. Value of Imports :

	31.03.2013	31.03.2012
	Rs.	Rs.
a) Raw Materials	NIL	NIL
b) Stores and Spares	<u>NIL</u>	<u>NIL</u>
TOTAL	NIL	NIL

(11) Expenditure in Foreign Currency : NIL

(12) Earning in Foreign Exchange :  
F.O.B. Value of Exports NIL

(13) Related Party disclosure under Accounting Standard 18

(i) Information about related party as required by AS-18

Sr. No.	Related Party	Relationship
1.	Subhash Knitting Industries )	Enterprises over which Key Managerial Personnel are able To exercise significant influence
2.	Pragati Impex )	
3.	Subhash Fabrics Pvt. Ltd. )	
4.	Subhash Trading Corp. )	
5.	Acuity International P Ltd )	
6.	Aquabrane Water Technologies Pvt Ltd )	
7.	Sparkle Clean Tech P Ltd )	

8.	Subhash Mehra	)	Key Managerial Personnel
9.	Dhiraj Mehra	)	
10.	Sumeet Mehra	)	
11.	Nandini Dhawan	)	Relative of Key Managerial Personnel

(ii) Information about related party transactions		Rs. In Lakhs	
Nature of Transaction	Key Man Per.	Other	Total
Net Loans and Advances taken (Returned)	(7.89)	(90.14)	(98.03)
Deposit Taken	35.05	51.16	86.21
Other Income	-	12.18	12.18
Salaries Paid	-	6.44	6.44
Commission Paid	-	40.74	40.74
	23.39	28.56	28.56
	17.50	4.20	27.59
	-	3.00	20.50
	-	-	-
	-	2.07	2.07
Balance as on 31/03/13			
Loans Taken	192.61	0.00	192.61
Deposits taken	200.50	90.14	290.64
	-	27.20	27.20
	-	15.02	15.02
(14) Calculation of Basic & Diluted Earnings Per Share :		31.03.2013	31.03.2012
(a) Net Profit / Loss as per Profit & Loss Account Before Extra ordinary Income		Rs.1,99,62,904	Rs.30,90,478
(b) Net Profit / Loss as per Profit & Loss Account after Extra ordinary Income		Rs.4,35,39,904	Rs.30,90,478
(c) Weighted Average No. of Shares		42,40,500	42,40,500
(d) Basic & Diluted Earnings Per Share After Extra Ordinary Income		Rs.10.27	Rs.0.73
(e) Basic & Diluted Earnings Per Share Before Extra Ordinary Income		Rs.4.71	Rs.0.73

## (15) SEGMENT REPORTING

Since the Company is dealing in only one segment i.e. Textile and hence Segment reporting is not applicable.

(16) Figures have been rounded off to the nearest rupee.

(17) Previous years figures have been regrouped wherever necessary.

(18) The statement of significant accounting policies and the notes form an integral part of the accounts for the period ended.

(19) Previous period figures have been regrouped/reclassified wherever necessary.

As per our report of even date For and on Behalf of the Board  
For S. M. Kapoor & Co.  
Chartered Accountants

**Shekhar Gupta**  
Partner

**SUMEET MEHRA**  
DIRECTOR

**DHIRAJ MEHRA**  
DIRECTOR

**MANOHARLAL KAPUR**  
DIRECTOR

Place : Mumbai  
Date : 22<sup>nd</sup> May, 2013

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2012 TO MARCH, 2013

	1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March, 2012 Rs.	1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March, 2012 Rs.
<b>A. Cash Flow from Operating Activities</b>		
a) Net profit before Tax & extraordinary items	2,61,12,904	35,09,609
Adjustment for :		
Depreciation	37,18,844	27,38,128
Interest	18,41,988	2,79,715
Loss on sale of Fixed Assets	1,02,329	20,850
	56,63,161	32,47,434
b) Operating Profit before Working Capital Changes	3,17,76,066	67,57,043
Adjustment for :		
Trade & Other receivables	(51,39,202)	(19,56,317)
Inventories	(2,15,92,583)	(3,31,455)
Trade Payables	(1,73,02,908)	2,78,85,444
	(4,40,34,693)	2,55,97,672
c) Cash Generated from operations	(1,22,58,627)	3,23,54,715
Interest paid	18,41,988	3,80,081
d) Cash flow before Extraordinary items	(1,41,00,615)	3,19,74,634
Extraordinary items	2,90,27,000	0
Net Cash flow from Operating Activities	1,49,26,385	3,19,74,634
<b>B. Cash Flow from Investing Activities</b>		
Sale of Fixed Assets	1,50,000	55,000
Sale of Investments	0	0
Purchase of Fixed Assets	(1,35,78,696)	(3,41,28,957)
Net Cash flow from Investing Activities	(1,34,28,696)	(3,40,73,957)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Capital (inclusive of Premium & Exclusive of Bonus shares)	0	0
Proceeds from borrowing	(12,36,042)	30,07,910
	(12,36,042)	30,07,910
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>	2,61,648	9,08,587
Cash and Cash Equivalent at the beginning of the year	13,04,937	3,96,349
Cash and Cash Equivalent at the end of the year	15,66,584	13,04,937

We have verified the above Cash Flow Statement of Subhash Silk Mills Limited derived from the Audited Financial Statements of the Company for the period 1st April, 2012 to 31st March, 2013 and found the statement to be in accordance therewith and also with the requirements of clause 32 of the Listing Agreement with the Stock Exchange.

For S. M. Kapoor & Co.  
Chartered Accountants

For & on behalf of the Board

**SHEKHAR  
GUPTA**  
PARTNER  
Membership No. 15622  
Place : Mumbai  
Date : 22<sup>nd</sup> May, 2013

**SUMEET  
MEHRA**  
DIRECTOR

**DHIRAJ  
MEHRA**  
DIRECTOR

**MANOHARLAL  
KAPUR**  
DIRECTOR

## Chief Executive Officer and Chief Financial Officer Certification

We, Manoharlal Kapur, non-executive director of the Company and Dhiraj Mehra, Managing Director of the Company, to the best of our knowledge and belief certify that :

1. We have reviewed financial statements and the cash flow statement for the period ended 31st March, 2013 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulation.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
4. We have indicated to the Auditors and the Audit committee :
  - (i) significant changes in internal control over financial reporting during the year.
  - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) any fraud, which we have become aware and that involves the Management of other employee who have significant role in the Company's internal control systems.
5. It is further declared that all the board members and senior management have affirmed compliance with the Company's Code of Conduct.

Manoharlal Kapur  
*Non-Executive Director*

Dhiraj Mehra  
*Managing Director*

Place : Mumbai  
Date : 22nd May, 2013

**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, Jolly Conference Room (Fourth Floor), Churchgate, Mumbai 400 020 on Wednesday, 19-June-2013 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.

----- CUT HERE -----

**SUBHASH SILK MILLS LIMITED**

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

**PROXY**

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

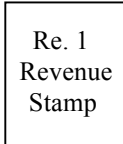
\_\_\_\_\_

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 Wednesday, 19-June-2013 at 11.30 a.m. and at any adjournment thereof.

This \_\_\_\_\_ day of \_\_\_\_\_ 2013.



(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.

## **BOOK POST**

If undelivered please return to :  
Subhash Silk Mills Ltd.  
G-15, Ground Floor, Prem Kutir,  
177 Marine Drive,  
Mumbai 400020