



Subhash Silk Mills Limited

44th
Annual Report
2013-2014

BOARD OF DIRECTORS

Mr. Sumeet S. Mehra	Chairman
Mr. Dhiraj S. Mehra	Managing Director
Mr. Lav Kumar Vadehra	Director
Mr. Radhe Mohan Malhotra	Director
Mr. Anant Singhanian	Director
Mrs. Nameeta S. Mehra	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

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Date : 25 th September, 2014	Notice	Page No. 2
Day : Thursday	Directors Report	10
Time : 11.30 a.m.	MDAR Report	12
Place : The Indian Merchants Chamber, P. Gandhi Board Room, (Fourth Floor) Churchgate, Mumbai – 400 020.	Corporate Governance Report	12
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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 44th Annual General Meeting of SUBHASH SILK MILLS LTD. will be held at Indian Merchants Chamber, Pravin Chandra Gandhi Board Room, Churchgate, Mumbai - 400 020 on 25th September, 2014 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, 2014 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 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, at a remuneration fixed by the Board and as may be agreed between the Auditor and Board.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“Appointment of Mrs Nameeta Mehra (DIN:06806385) as Director of the Company.

“**RESOLVED THAT** pursuant to provisions of Section 149, 152 and 160 of the Companies Act ,2013 and rules made thereunder Mrs Nameeta Mehra (DIN:06806385) who was appointed as an Additional Director pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, proposing her candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“Appointment of Mr Anant Singhania (DIN: 00019992) Independent Director of the Company.

“**RESOLVED THAT** pursuant to provisions of Section 149, 152 and 160 of the Companies Act ,2013 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr Anant Singhania (DIN: 00019992) who was appointed as an Additional Director pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“Appointment of Shri Radhemohan Malhotra (DIN:01874316) an Independent Director of the Company .

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. Radhemohan Malhotra (DIN:01874316), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 49th Annual General Meeting of the Company in the calendar year 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“Appointment of Shri. Lav Kumar Vadehra (DIN: 01936360) as an Independent Director of the Company .

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Lav Kumar Vadehra (DIN: 01936360) who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 49th Annual General Meeting of the Company in the calendar year 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:

Amendment to Articles of Association.

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Regd. Office:

G-15 Prem Kutir,
177 Marine Drive,
Mumbai – 400 020.

Place: Mumbai

Date: 30th May, 2014

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

DHIRAJ MEHRA

Managing Director

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing the proxy in Form MGT-11 annexed hereto, in order to be effective, should reach at the registered office of the Company at least 48 hours before the time of the meeting. A person can act as a proxy on behalf of the members not exceeding 50 and holding in aggregate not more than ten percent of the total paid up share capital of the Company. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

2. All alterations made in the Form of Proxy should be duly initialed.

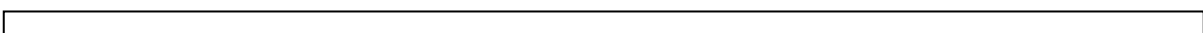
3. Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting are annexed hereto.

4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company at G-15, Ground Floor, Prem Kutir, 177 Marine Drive, Mumbai 400 020, on all working days except Saturdays and Sundays during business hours up to the date of the Meeting.



5. In accordance with provisions of section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services Limited ("CDSL") to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher on the order of names will be entitled to vote.
8. The notice is being sent to all the members, whose names appeared in the Register of Members as on 15th August, 2014. This notice of the Annual General Meeting of the members of the company is also displayed/posted on the websites of the company i.e. www.subhashsilk Mills.com and that of Central Depository Services (India) Limited ("CDSL") www.evotingindia.com.
9. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
10. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. M/s. Purva Sharegistry (India) Pvt. Ltd. in respect of their physical share folios, if any.
11. Shareholders are requested to fill-in and sign the attendance slip and hand it over at the entrance to the venue.
12. Members, who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
13. SEBI vide its Circular No. MRD/Dop/Cir-05/2009 dated 20th May 2009 has made it mandatory to submit PAN for registration of physical share transfer requests. Members holding shares in electronic form are, therefore, requested to submit a copy of their PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents M/s. Purva Sharegistry (India) Pvt. Ltd.
14. The Company has already joined the Depository System and the ISIN for the equity shares of the Company is INE690D01014. Members holding shares in physical mode are requested to convert their holdings into Dematerialized mode.
15. Non-Resident Indian Members are requested to M/s. Purva Sharegistry (India) Pvt. Ltd. immediately of any change in their residential status on return to India for permanent settlement.
16. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of their electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Company's Registrar & Transfer Agents, M/s. Purva Sharegistry (India) Pvt. Ltd by sending an e-mail to purvhashr@mtnl.net.in along with details like Name, Folio No. etc. The procedure and instructions for voting through electronic means are as follows. We request you to follow the below procedure for e-voting:
 - a. Log on to the e-voting website www.evotingindia.com and Click on "Shareholders" tab.
 - b. Select the Electronic Voting Sequence Number - along with "SubhashSilk" from the drop down menu and click on "SUBMIT"
 - c. Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
 - d. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used. If you are a first time user follow the steps given below:

		For Members holding shares in Demat and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department(Applicable for both Demat as well as Physical shareholders)	



	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the demat account/folio number in the PAN field. <p>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.</p>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or dividend Bank details in order to login. <p>If the details are not recorded with the depository or company please enter number of shares held by you as on the cut off date in the Dividend Bank details field.</p>

e. After entering these details appropriately, click on "SUBMIT" tab.

f. Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by Demat holders for voting for resolutions for the company or any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

g. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

h. Click on the relevant EVSN on which you choose to vote.

i. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

j. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

k. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

l. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

m. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

n. If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

o. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

p. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

q. Please follow all steps from sl. no. 18(a) to 18(p) above to cast vote.

17. The voting period begins on, 20th September, 2014 at 9a.m. and will end on 22nd September, 2014 at 6:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Friday, 15th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com. or call the Registrar & Transfer Agent, Purva Sharegistry Pvt. Ltd. at +91-22-23016761 or write an email to purvhashr@mtnl.net.in

18. Mrs Ragini Chokshi of M/s Ragini Chokshi & Co, have appointed as Scrutiniser to oversee that the evoting process has been carried out in fair and transparent manner. The Results shall be declared on or after the General Meeting of the Company. The results declared alongwith the scrutinizer's report shall be placed on the Company's website www.subhashsilk Mills.com, and on the website of CDSL within two days of passing of the resolutions at the general meeting of the Company and communicated to stock exchange.

19. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

Regd. Office:

G-15 Prem Kutir,
177 Marine Drive,
Mumbai 400 020.

Place: Mumbai
Date: 30th May, 2014

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

DHIRAJ MEHRA
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT ,2013.

Statement Pursuant to Section 102 of the Companies Act, 2013

Item No.3

Mrs Nameeta Mehra who was appointed as an Additional Director on under Section 161 of the Companies Act ,2013 on 4th August, 2014, holds the office upto the Annual General Meeting . Therefore it is in the interest of the Company that Mrs Nameeta Mehra be appointed as Non Executive Non Independent Director of the Company , as she possess the rich experience in administration .

None of the Directors / Key Managerial Personnel of the Company other than Shri Dhiraj Mehra and Shri Sumeet Mehra are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Items No. 3 of the Notice.

Item No. 4 to 7:

Pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr.Anant Singhania, Mr. Radhemohan Malhotra, and Mr. Lav Kumar Vadhera as Independent Directors of the Company up to 5 (five) consecutive years i.e. 49th Annual General Meeting of the Company to be held in 2019.The Company has also received Notice pursuant to Section 160 of the Companies Act, 2013 from members proposing the appointment of aforesaid Independent Directors.

A brief profile along with other details of the Independent Directors are as follows:

Name of the Director	Mr. Anant Ajaypat Singhania
Date of joining the Board	4th August, 2014
Profile of the Director	Mr. Singhania is a fifth generation industrialist from the illustrious Singhania Family. He has been a member on various committees including the Indi-Italian Chamber of Commerce and the Indian Merchants Chamber. His has vast experience in Corporate

	Governance, Business Management.
No. of shares held in the Company	Nil

Name of the Director	Mr. Radhemohan Malhotra
Date of joining the Board	27th October, 2005
Profile of the Director	Mr. Malhotra started his career in the Textile Commissioners Office. Following which he joined Castle Mills and dealt with Government Liason and HRD Development for a large number of years. He has over 40 years experience in the field of Human Resource Development and Government Liason.
No. of shares held in the Company	Nil

Name of the Director	Mr . Lav Kumar Vadehra
Date of joining the Board	29th July, 2002
Profile of the Director	Mr. Vadehra has worked in senior positions with the State Trading Corporation, New Delhi, New York and Mumbai for over 12 years. After leaving State Trading Corporation, he has started his own pharma-chemical manufacturing and trading Company and is currently successfully running his own manufacturing plant. He has over 40 years in International Trade experience.
No. of shares held in the Company	NIL

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Items No. 4,5,6 of the Notice.

ITEM NO. 7.

The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 . Majority portion of Companies Act ,2013 came into vogue on April 1,2014 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013

With the coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA is based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7 of the Notice.

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors hereby present the 44th Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2014.

I. FINANCIAL RESULTS:

	For the year Ended 31.03.14 Rs.(Lakhs)	For the year Ended 31.03.13 Rs.(Lakhs)
1. Total Income	1072.00	460.25
2. Profit / Loss Before Depreciation, Interest and Taxes	941.97	316.74
3. Less : Interest	0.92	18.42
Depreciation	37.07	37.19
4. Profit / Loss Before Extraordinary Items	903.98	261.13
5. Extraordinary Items	0.00	290.27
6. Profit / Loss Before Taxes	903.98	551.40
5. Less : Provision for Taxes	160.00	116.00
6. Profit / Loss After Tax	743.98	435.40
7. Add : Balance b/f. from the Previous Year	(-) 184.26	(-) 619.66
8. Less : Prior Year Tax Adjustments	0.00	0.00
9. Amount Available for Appropriation	559.38	(-) 184.26
APPROPRIATIONS :		
(i) Proposed Dividend on Equity	0.00	0.00
(ii) General Reserve	0.00	0.00
(iii) Balance carried to Balance Sheet	559.38	(-) 184.26

The Company's property at Khopoli has been fully leased out. The said warehousing contracts have yielded an income of Rs.197.54 Lakhs (P.Y. Rs.230.05 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.11.51 Lakhs.

II. DIVIDEND:

Your Directors do not recommend any Dividend for the year ended 31st March, 2014.

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:

The Company would like to express its heartfelt condolences to the family of Mr. Manoharlal Kapur, Independent Director of the Company who breathed his last in February, 2014. Mr. Manoharlal Kapur was an important part of the Board and as a Chartered Accountant he also headed various committees of the Company. His presence and timely advice will be missed by the Board.

Total Income for the current period has been Rs.1072 Lakhs. This includes warehousing charges of Rs.197.54 Lakhs and sale of flats of belonging to the Company of Rs.851.49 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 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.

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:

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Lav Kumar Vadehra and Mr. Radhemohan Malhotra retire by rotation in the forthcoming Annual General Meeting and are eligible for re-appointment.

In order to fulfill the vacancy of 2 Directors due to the demise of Shri Subhash V. Mehra and Shri Manoharlal Kapur, the Board of Directors have inducted Shri Anant Singhania and Smt. Nameeta S. Mehra as additional Directors of the Company till the present Annual General Meeting. Both Shri Anant Singhania and Smt. Nameeta S. Mehra will make a good addition to the Board and your Directors recommend that they be made Directors of the Company in the ensuing Annual General Meeting.

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

Place : Mumbai
Date : 30th May, 2014

SUMEET MEHRA
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Development

With the change in Central Government and a stable Government at the center, there is a very positive outlook in the Industry for the coming few years. Being the 2nd largest textiles manufacturer in the World after China, India should be all set for the next large leap. In the year 2013, total textile exports to the world grew by 17.5% to US\$40.2 Billion. We currently account for 24% of the worlds spindle capacity and 8% of the global rotor capacity.

The Indian Textile Industry also contributes to 14% to the Industrial Priduction and 4% to the GDP and employs more than 45 million people, the second largest employment only after agriculture.

Opportunities & Threats

With Foreign Direct Investments of Rs.6700 Crores between 2010 and 2014, many Indian Companies are looking for a good growth in the coming years. Also, with the announcement of 100% Foreign Direct Investment into the Indian Textile Industry by the Government, there is a good future opportunity in this sector.

Due to the fragmented nature of Indian Textiles Industry and also due to technological obsolence, it is hard to compete in the World Market. Also, the threat of Chinese, Pakistani and Bangladeshi low cost manufacturing is a perpetual sword looming over the Indian textile Industry. Another key factor that poses as a threat is the long geographical distance from the European and American markets.

Financial Performance

Total turnover of the Company during the year was 233.23 Lakhs as against 246.48 Lakhs in the previous year. The turnover decreased by 5% compared to the previous year. Profit before interest, depreciation and taxes was Rs. 941.97 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,

Sumeet Mehra

Chairman

Place : Mumbai

Date : 30th May, 2014

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, two being Executive, one 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 2013-14		
	Board meetings held during tenure as Director	Board Meeting attended	Last AGM
Shri Sumeet S. Mehra (C)	5	5	Yes
Shri Dhiraj S. Mehra	5	5	Yes
Shri Lav Kumar Vadehra (I)	5	5	Yes
Shri Manoharlal Kapur (I) (upto 16 th February, 2014)	5	5	Yes
Shri Radhe Mohan Malhotra (I)	5	5	Yes
Shri Anant Singhania	N/A.	N/A.	N/A.
Smt. Nameeta S. Mehra	N/A.	N/A.	N/A.

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 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) (upto 16 th February, 2014)	0	0	0
Shri Radhe Mohan Malhotra (I)	0	0	0
Shri Anant Singhania	N/A.	N/A.	N/A.
Smt. Nameeta S. Mehra	N/A.	N/A.	N/A.

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, 2014, five Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on, 22nd May, 2013, 19th June, 2013, 12th August, 2013, 11th November, 2013 and 10th February, 2014.

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 Lav Kumar Vadehra**, aged 71 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.
- (ii) **Shri Radhe Mohan Malhotra**, aged 73 years is an expert in Human Resource Development and has honed his skills during his tenureship as General Manager of the Company for a number of years. His knowledge of various procedural issues and Government Departments and formalities are greatly appreciated by the Board from time to time.
- (iii) **Shri Anant Singhania**, aged 40 years is a fifth generation industrialist of the illustrious Singhania Family. He has extensive experience in Corporate Governance and Business Management and has been on various executive committees including the Indo-Italian Chamber of Commerce and the Indian Merchants Chamber. His Governance and Management skills will be looked upon by the Board of Directors.
- (iv) **Smt. Nameeta S. Mehra**, aged 65 years has a wealth of experience in the textile field. She has a keen eye of fashion and fabrics and has also successfully managed her own fashion business in the past. Her insight into the fashion business as well as her administrative capabilities will be a positive addition to the Board of Directors.

3. Board Committees

A. Audit Committee

I. Composition, names of members and Chairperson

The Audit committee, during the year under review, comprised of two non-executive Directors, viz. Shri Manoharlal Kapur (till 16th February, 2014) and Shri Radhe Mohan Malhotra. Shri Manoharlal Kapur was the Chairman of the Committee till 16th February, 2014 and after his demise Shri Lav Kumar Vadehra was elected to the Audit Committee in his place. 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, 2014, the Committee has met four times. The meetings were held on 22nd May, 2013, 12th August, 2013, 11th November, 2013 and 10th February, 2014. 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 2013-14	No. of Board Meetings Held		Attended Last AGM
	(in Rs.)	(in Rs.)	(In Rs.)	Held	Attended	
Shri Subhash V. Mehra	-	-	-	5	5	Yes
Shri Sumeet S. Mehra	-	-	-	5	5	Yes
Shri Dhiraj S. Mehra	-	-	-	5	5	Yes
Shri Lav Kumar Vadehra	5,000	-	5,000	5	5	Yes
Shri Manoharlal Kapur	5,000	-	5,000	5	5	Yes
Shri Radhe Mohan Malhotra	5,000	-	5,000	5	5	Yes
Shri Anant Singhania	-	-	-	N/A.	N/A.	N/A.
Smt. Nameeta S. Mehra	-	-	-	N/A.	N/A.	N/A.

Executive Directors

Executive Director	Relationship with other Directors	Business Relationship with the Company, if any	Remuneration paid during 2013-14			
			All elements of remuneration package, i.e. salary, benefits, etc.	Fixed components & performance linked incentives.etc.	Service contracts, notice period, severance fee.	Stock option details, if any.
Shri Dhiraj S. Mehra	Brother of Shri Sumeet Mehra	Managing Director	Rs.18,00,000	Rs.18,00,000	See note (a)	See note (c)
Shri Sumeet Mehra	Brother of Shri Dhiraj Mehra	Chairman	Rs.6,90,000	Rs.6,90,000	See note (b)	See note (c)

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. 22-March-2013. 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 Chairman.

c) 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, 2014 were NIL.

No requests for transfer or dematerialization were pending for approval as on 31st March, 2014.

4. General Body Meetings

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

Year	Location	Date	Time
2010-2011	Indian Merchants Chamber, Mumbai	29 Sep 11	11.30am
2011-2012	Indian Merchants Chamber, Mumbai	27 Sep 12	11.30am
2012-2013	Indian Merchants Chamber, Mumbai	19 Jun 13	11.30am

II. Special Resolution

A Special Resolution was passed appointing Shri Sumeet Mehra as Chairman, at the Annual General Meeting held on 19th June, 2013.

A Special Resolution was passed appointing Shri Dhiraj Mehra as Managing Director at the Annual General Meeting held on 19th June, 2013.

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). 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 2013-14.

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.

“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 the management, 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 were in 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.

9. General Shareholder Information

I. Annual General Meeting

Date & Time : Thursday, 25th September, 2014
at 11:30a.m.
Venue : Pravinchandra Gandhi Board Room,
Indian Merchants Chamber, Churchgate,
Mumbai 400020

II. Financial Calendar 2014-15 (tent.)

Results for quarter ended 30-June-14 Last week of July, 2014
Results for quarter ended 30-Sep-14 Last week of October, 2014
Results for quarter ended 31-Dec-14 Last week of January, 2015
Results for quarter ended 31-Mar-15 Last week of April, 2015
Annual General Meeting September, 2015

III. Book Closure Date

18-September-2014 to 25-September-2014
(both days inclusive).

IV. Dividend Payment date

N/A.

V. Listing of Equity Share on

The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400001

VI. Annual Listing Fees

Duly paid to The Bombay Stock Exchange Limited for the year 2014-15.

VII. Stock Code

The Bombay Stock Exchange – “530231”
Scrip ID – “SUBSM”

VIII. Registrar & Transfer Agent

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

IX. Share Transfer System

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.

X. Distribution of Shareholding as on 31st March, 2014

Category	%
Promoters	71.75
Financial Institutions / Banks / Mutual Funds	4.68
FII's / NRI / OCBs	0.00
Bodies Corporate	6.31
Others	17.26
Total	<u>100.00</u>

XI. Dematerialisation of Shares

Approximate 61.59% of the company's paid up equity has been dematerialised upto 31st March, 2014. 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, 2014, 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, 30th May, 2014

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 2014, 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. (x) 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 31st March, 2014;
- (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 31st March, 2014, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2014, 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

Place: Mumbai
Date : 30th May, 2014

(Shekhar Gupta)
Partner
Membership No. 15622

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 31st March, 2014. 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 2 parties covered in register u/s 301 aggregating to Rs.50,37,196.
 - (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 to 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: 30th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.		31.03.2014 Rs.		31.03.2013 Rs.
I. EQUITY AND LIABILITIES					
1) SHAREHOLDERS FUNDS					
a) Share Capital	1	4,04,93,808		4,04,93,808	
b) Reserves & Surplus	2	<u>8,64,56,525</u>	12,69,50,333	<u>2,75,55,972</u>	6,80,49,780
2) NON-CURRENT LIABILITIES					
a) Long Term Borrowings	3	52,16,509		1,98,78,202	
b) Other Long Term Liab.	4	<u>2,36,93,626</u>	2,89,10,135	<u>2,46,93,626</u>	4,45,71,828
3) CURRENT LIABILITIES					
a) Trade Payables	5	11,31,912		31,51,031	
b) Other Current Liab	6	30,70,127		30,67,446	
c) Short Term Provisions	7	<u>2,86,46,180</u>	3,28,48,219	<u>85,58,948</u>	1,47,77,425
			<u>18,87,08,687</u>		<u>12,73,99,033</u>
II. ASSETS					
1) NON-CURRENT ASSETS					
a) Fixed Assets					
i) Tangible Assets	8	16,05,03,810		7,90,12,466	
ii) Capital Work-in-Progress		1,59,74,125		1,42,31,344	
b) Non-Current Investments	9	33,100		33,100	
c) Long Term Loans & Advances	10	<u>10,63,877</u>	17,75,74,912	<u>11,38,937</u>	9,44,15,847
2) CURRENT ASSETS					
a) Inventories	11	23,72,162		2,24,16,772	
b) Trade Receivables	12	74,24,359		29,92,243	
c) Cash & Cash Equival.	13	9,69,860		15,66,584	
d) Short Term Loans & Advances	14	30,804		58,25,392	
e) Other Current Assets	15	<u>3,36,590</u>	1,11,33,774	<u>1,82,195</u>	3,29,83,185
			<u>18,87,08,687</u>		<u>12,73,99,033</u>

Significant Accounting Policies

22

Notes to the financial statements

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

R. M. MALHOTRA
Director

Place : Mumbai
Date : 30th May, 2014

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	31.03.2014 Rs.	31.03.2013 Rs.
I. INCOME			
1. Revenue from Operations	16	12,73,000	13,41,102
2. Other Income	17	10,59,26,609	4,46,84,022
Total Revenue		<u>10,71,99,609</u>	<u>4,60,25,124</u>
II. EXPENSES			
3. Cost of Materials			
Consumed	18	9,68,215	13,22,150
4. Change in inventories of			
Finished Goods, Stock in			
Progress & Stock in Trade	19	(7,38,756)	(8,09,217)
5. Employee Benefit Exp.	20	20,40,098	17,59,599
6. Finance Costs	21	92,303	18,41,988
7. Depreciation &			
Amortization Expenses	8	37,06,510	37,18,844
8. Other Expenses	22	1,07,30,685	1,20,78,855
Total Expenses		<u>1,67,99,055</u>	<u>1,99,12,219</u>
Profit Before Tax & Extraordinary Income		9,04,00,553	2,61,12,904
Extraordinary Income			
Capital Gain from Land Development		-	2,90,27,000
Profit Before Tax after Extraordinary Income		9,04,00,553	5,51,39,904
Tax Expenses			
Current		3,15,00,000	61,50,000
Current on Extraordinary Income		-	54,50,000
Profit for the Year		<u>5,89,00,553</u>	<u>4,35,39,904</u>
Earning per Share of face value of Rs.10/- each after Extraordinary Charges			
Basic and Diluted (in Rs.)		13.89	10.27
Earning per Equity Share of face value of Rs.10/- each before Extra Ordinary Charges			
Basic and Diluted (in Rs.)		13.89	4.71

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

**SUMEET
MEHRA**
Director

**DHIRAJ
MEHRA**
Director

**MANOHARLAL
KAPUR**
Director

Place : Mumbai
Date : 30th May, 2014

NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
1. SHARE CAPITAL		
AUTHORISED		
50,00,000 Equity Shares (P.Y. 50,00,000) of Rs. 10 each	5,00,00,000	5,00,00,000
ISSUED, SUBSCRIBED & PAID-UP		
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 15%	6,33,500	6,33,500
Excellent Holdings Pvt. Ltd. 12%	4,90,900	4,90,900
Nameeta Mehra 11%	4,77,000	4,77,000
Taranga Holdings Pvt. Ltd. 10%	4,11,800	4,11,800
Dhiraj Mehra 7%	2,80,500	2,80,500
Ved Prakash Mehra HUF 6%	2,44,400	2,44,400
Sumeet Mehra 6%	2,35,900	2,35,900
2. RESERVES & SURPLUS		
Security Premium 5,52,20,000		5,52,20,000
Less : Calls in Arrears 92,38,000	4,59,82,000	92,38,000
Balance in Profit & Loss Statement As per Last Balance Sheet (1,84,26,028)		(6,19,65,933)
Add : Profit for the Year 5,89,00,553	4,04,74,525	(1,84,26,028)
	<u>8,64,56,525</u>	<u>2,75,55,971</u>
3. LONG TERM BORROWINGS		
SECURED		
Car Loan – from Banks (Secured Ag. Hypothecation of Cars)	1,79,313	6,17,377
UNSECURED		
From Directors	50,37,196	1,92,60,825
	<u>52,16,509</u>	<u>2,11,14,244</u>
4. OTHERS LONG TERM LIABILITIES		
Deposits Received from Tenants	2,36,93,626	2,46,93,626
	<u>2,36,93,626</u>	<u>2,46,93,626</u>
5. TRADE PAYABLES		
For Goods		
Micro, Small & Medium Enterprises	-	-
Others	3,00,876	5,39,731
For Expenses	6,61,463	9,98,037
For Capital Goods	1,69,573	16,13,263
	<u>11,31,912</u>	<u>31,51,031</u>
The details of amounts outstanding to Micro, Small & Medium Enterprises based on available information with the Company is NIL		
6. OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Debts	4,18,064	4,49,187
Other Payables	26,52,063	26,18,259
	<u>30,70,127</u>	<u>30,67,446</u>

NOTES TO THE FINANCIAL STATEMENTS (contd)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
7. SHORT TERM PROVISIONS		
Provision for Income Tax	4,40,20,000	1,25,20,000
Less Advance Tax Including TDS	<u>1,53,73,820</u>	<u>39,61,052</u>
	<u>2,86,46,180</u>	<u>85,58,948</u>

1. FIXED ASSETS

	Gross Block				Depreciation				Net Block	
	Cost as on 31 Mar, '13	Additions	Deductions/ Transfers	Cost as on 31 Mar, '14	As on 31 Mar, '13	For the Year	Deduction/ Transfer	As on 31 Mar, '14	As At 31 Mar, '14	As at 31 Mar, '13
Land-Freehold	1,23,25,335	3,80,000	0	1,27,05,335	0	0	0	0	1,27,05,335	1,23,25,335
Factory Building	9,20,29,259	0	0	9,20,29,259	2,97,10,710	30,73,777	0	3,27,84,487	5,92,44,772	6,23,18,549
Flat	0	8,49,81,820	0	8,49,81,820	0	0	0	0	8,49,81,820	0
Electrical Installation	35,47,024	0	0	35,47,024	31,95,713	31,633	0	32,27,346	3,19,678	3,51,311
Computer	3,51,405	0	0	3,51,405	2,48,901	56,963	0	3,05,864	45,541	1,02,504
Vehicles	56,18,574	0	0	56,18,574	20,06,818	5,33,767	0	25,40,585	30,77,989	36,11,756
Office Equipment	3,48,464	3,805	1,69,788	1,82,481	45,453	10,370	2,017	53,806	1,28,675	3,03,011
Total	11,42,20,061	8,53,65,625	1,69,788	19,94,15,898	3,52,07,595	37,06,510	2,017	3,89,12,088	16,05,03,810	7,90,12,466
P.Y.	11,45,32,282	2,07,091	5,19,312	11,42,20,061	3,17,55,734	37,18,844	2,66,983	3,52,07,595	7,90,12,466	8,27,76,548

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
9. NON CURRENT INVESTMENTS (Unquoted unless otherwise stated)		
NON TRADE AT COST		
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>
10. LONG TERM LOANS AND ADVANCES		
Security Deposits	<u>10,63,877</u>	<u>11,38,937</u>
	<u>10,63,877</u>	<u>11,38,937</u>
11. INVENTORIES		
Stock of Fabrics	23,72,162	16,33,406
Stock of Flats	0	2,07,83,366
	<u>23,72,162</u>	<u>2,24,16,772</u>
12. TRADE RECEIVABLES (Unsecured considered good)		
Over six months	63,91,057	3,18,062
Others	<u>10,33,302</u>	<u>26,74,181</u>
	<u>74,24,359</u>	<u>29,92,243</u>

NOTES TO THE FINANCIAL STATEMENTS (contd)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
13. CASH AND CASH EQUIVALENTS		
Cash on Hand	3,56,309	88,851
Balance with Bank	5,90,928	11,45,733
Fixed Deposits with Bank	22,623	3,32,000
	<u>9,69,860</u>	<u>15,66,584</u>
14. SHORT TERM LOANS AND ADVANCES		
Balance with Govt. Authorities	5,804	22,093
Others	25,000	58,03,299
	<u>30,804</u>	<u>58,25,392</u>
15. OTHER CURRENT ASSETS		
Taxes Paid (net of Provisions)	0	0
Others	3,36,590	1,82,195
	<u>3,36,590</u>	<u>1,82,195</u>
16. REVENUE FROM OPERATIONS		
Sale of Garments	11,50,650	13,40,561
Income from Services	1,22,350	541
	<u>12,73,000</u>	<u>13,41,102</u>
17. OTHER INCOME		
Warehousing Charges	1,97,53,952	2,30,05,165
Interest Recd. from Others	55,755	48,019
Profit from Sale of Flats	8,51,49,362	2,13,76,838
Other non-operating Income	9,67,540	2,54,000
	<u>10,59,26,609</u>	<u>4,46,84,022</u>
18. COST OF MATERIAL CONSUMED		
	% of Consumption	% of Consumption
Imported	0%	0%
Indigeneous – Fabrics	100%	100%
- Others	0	0
	<u>9,68,215</u>	<u>13,22,150</u>
	<u>9,68,215</u>	<u>13,22,150</u>
19. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE		
Closing Stock of Finished Goods	23,72,162	16,33,406
Opening Stock of Finished Goods	16,33,406	8,24,189
	<u>(7,38,756)</u>	<u>(8,09,217)</u>
20. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	19,96,038	16,74,955
Staff Welfare Expenses	44,060	84,644
	<u>20,40,098</u>	<u>17,59,599</u>
21. FINANCE COSTS		
Interest Expenses	91,135	18,37,303
Other Borrowing Costs	1,168	4,685
	<u>92,303</u>	<u>18,41,988</u>

NOTES TO THE FINANCIAL STATEMENTS (contd)

	As at 31.03.2014 Rs.		As at 31.03.2013 Rs.	
22. OTHER EXPENSES				
Manufacturing Expenses				
Packing Charges	1,600		0	
Labour Charges	1,09,103		2,39,917	
Other Mfg. Expenses	87,619	1,98,322	1,15,249	3,55,166
Other Expenses				
Advertisement Expenses	8,000		97,386	
Commission Paid	0		80,000	
Rates & Taxes	6,41,049		17,51,339	
Rent	31,32,000		31,20,000	
General Expenses	2,14,597		1,75,076	
Electricity Expenses	2,21,446		35,566	
Printing & Stationery Exp.	27,984		29,455	
Communication Exp.	1,93,457		1,71,033	
Motor Car Expenses	5,59,536		4,63,829	
Charity & Donations	92,003		64,203	
Security Charges	4,50,742		3,33,492	
Repairs & Maintenance	70,150		42,393	
Bldg. Repairs & Maint.	11,52,578		13,11,254	
Conveyance Expenses	4,77,557		2,64,659	
Auditors' Remuneration	2,50,000		50,000	
Directors Remuneration	24,00,000		23,39,286	
Insurance Expenses	99,118		80,058	
Legal & Prof. Charges	5,42,146		7,23,582	
Loss on Sale of Car	0		1,02,329	
Sundry Balances W/off.	0	1,05,32,363	4,88,749	1,17,23,689
		<u>1,07,30,685</u>	<u>1,20,78,855</u>	

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.

(b) 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 31st March 2014 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 :	31.03.14	31.03.13
	Rs.	Rs.
Audit fees	50,000	30,000
Tax Audit	2,00,000	20,000
Service Tax	<u>30,900</u>	<u>6,180</u>
TOTAL	2,80,900	56,180
(8) Capital Work in Progress:	31.03.2014	31.03.2013
	Rs.	Rs.
Building Under Construction	<u>Rs.15,974,125</u>	<u>Rs.14,231,344</u>
TOTAL	<u>Rs.15,974,125</u>	<u>Rs.14,231,344</u>

(9) CONSUMPTION OF STORES & SPARES:

	31.03.2014		31.03.2013	
	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 :	31.03.2014	31.03.2013
	Rs.	Rs.
a) Raw Materials	NIL	NIL
b) Stores and Spares	NIL	NIL
TOTAL	NIL	NIL
(11) Expenditure in Foreign Currency :	NIL	NIL
(12) Earning in Foreign Exchange :		
F.O.B. Value of Exports	NIL	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.	Subhash Fabrics Pvt. Ltd.)	

3.	Subhash Trading Corp.)	
4.	Acuity International P Ltd)	
5.	Aquabrane Water Technolo-)	
	-gies Pvt Ltd)	
6.	Sparkle Clean Tech P Ltd)	
7.	Sumeet Mehra)	Key Managerial Personnel
8.	Dhiraj Mehra)	
9.	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)	(142.23)	-	(142.23)
P.Y	(7.89)	(90.14)	(98.03)
Deposit Taken	-	-	-
P.Y	-	12.18	12.18
Other Income	-	71.00	71.00
P.Y	-	40.74	40.74
Salaries Paid	24.00	4.80	28.80
P.Y	23.39	4.20	27.59
Balance as on 31/03/14			
Loans Taken	50.37	0.00	50.37
P.Y	192.61	0.00	192.61
Deposits taken	-	27.20	27.20
P.Y	-	27.20	27.20
(14) Calculation of Basic & Diluted Earnings Per Share :		31.03.2014	31.03.2013
(a) Net Profit / Loss as per Profit & Loss Account Before Extra ordinary Income	Rs.5,89,00,553		Rs.1,99,62,905
(b) Net Profit / Loss as per Profit & Loss Account after Extra ordinary Income	Rs.5,89,00,553		Rs.4,35,39,905
(c) Weighted Average No. of Shares		42,40,500	42,40,500
(d) Basic & Diluted Earnings Per Share After Extra Ordinary Income		Rs.13.89	Rs.10.27
(e) Basic & Diluted Earnings Per Share Before Extra Ordinary Income		Rs.13.89	Rs.4.70

(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
Chairman

Dhiraj Mehra
Managing Director

Radhe Mohan Malhotra
Director

Place : Mumbai
Date : 30th May, 2014

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2013 TO MARCH, 2014

	1 st April, 2013 to 31 st March, 2014 Rs.	1 st April, 2012 to 31 st March, 2013 Rs.
A. Cash Flow from Operating Activities		
a) Net profit before Tax & extraordinary items	9,04,00,553	2,61,12,904
Adjustment for :		
Depreciation	37,06,510	37,18,844
Interest	92,303	18,41,988
Loss on sale of Fixed Assets	0	1,02,329
	37,98,813	56,63,161
b) Operating Profit before Working Capital Changes	9,41,99,366	3,17,76,066
Adjustment for :		
Trade & Other receivables	12,83,137	(51,39,202)
Inventories	2,00,44,610	(2,15,92,583)
Trade Payables	(1,44,29,206)	(1,73,02,908)
	68,98,541	(4,40,34,693)
c) Cash Generated from operations	10,10,97,907	(1,22,58,627)
Interest paid	92,303	18,41,988
d) Cash flow before Extraordinary items	10,10,05,605	(1,41,00,615)
Extraordinary items	0	2,90,27,000
Net Cash flow from Operating Activities	10,10,05,605	1,49,26,385
B. Cash Flow from Investing Activities		
Sale of Fixed Assets	1,67,771	1,50,000
Sale of Investments	0	0
Purchase of Fixed Assets	(8,71,08,406)	(1,35,78,696)
Net Cash flow from Investing Activities	(8,69,40,635)	(1,34,28,696)
C. Cash Flow from Financing Activities		
Proceeds from issue of Capital (inclusive of Premium & Exclusive of Bonus shares)	0	0
Proceeds from borrowing	(1,46,61,694)	(12,36,042)
	(1,46,61,694)	(12,36,042)
D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	(5,96,724)	2,61,648
Cash and Cash Equivalent at the beginning of the year	15,66,584	13,04,937
Cash and Cash Equivalent at the end of the year	9,69,860	15,66,584

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 : 30th May, 2014

**SUMEET
MEHRA**
CHAIRMAN

**DHIRAJ
MEHRA**
MANAGING DIRECTOR

**RADHE MOHAN
MALHOTRA**
DIRECTOR

Chief Executive Officer and Chief Financial Officer Certification

We, Radhe Mohan Malhotra, 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, 2014 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.

Radhemohan Malhotra
Non-Executive Director

Dhiraj Mehra
Managing Director

Place : Mumbai
Date : 30th May, 2014