

- 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 / Key Managerial Personnel of the Company other than Mr. Dhiraj Mehra, Mr. Sumeet Mehra and Mrs. Nameeta Mehra are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Items No. 3 of the Notice.

Further, keeping in consideration the importance of the matter the Board recommends the Resolution for your Approval as Special Resolution.

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

**Place: Mumbai
Date: August 13, 2018**

**SD/-
PARIDHI SOMANI
COMPANY SECRETARY**

DIRECTORS’ REPORT

Dear Members,

The Board of Directors hereby submit the **48th Annual Report** along with the Audited Financial Statements of the Company for the Financial Year ended **March 31, 2018**.

1. FINANCIAL HIGHLIGHTS OF PERFORMANCE:

The financial performance of the Company is summarized as under:

Particulars	Amounts in Rs. (in Lakhs)	
	2017-2018	2016-2017
Income from Operations	5.90	1.22
Add : Other Income	178.31	169.37
Total Income	184.21	170.59
Less: Expenses	120.74	109.62
Profit before Interest, Depreciation and Taxes	63.47	60.97
Less : Finance Cost	6.48	0.13
Profit before Depreciation and Taxes	56.99	60.84
Less : Depreciation	56.48	57.20
Profit/Loss Before Taxes	0.51	3.64
Less : Current Taxation	10.60	8.65
Less: Deferred Tax	(0.72)	(0.60)
Less: Prior year tax adjustments	(1.17)	-

Profit/ Loss after Taxes	(8.20)	(4.41)
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2. AMOUNT CARRIED FORWARD TO RESERVES:

Your Company has not transferred any amount to its reserves.

3. PERFORMANCE REVIEW:

The Company's revenue increased to **Rs. 184.21 lakhs** from **Rs. 170.59 lakhs**, however loss after taxes increased to **Rs. 8.20 lakhs** as compared to **Rs. 4.41 Lakhs** in the previous year. Your Company has made sale of Readymade Garments to the service sector and of fabrics to various traders.

4. DIVIDEND:

In view of losses, your Directors do not recommend any Dividend for the Financial Year ended **March 31, 2018**.

5. CHANGES IN THE NATURE OF BUSINESS:

There were no changes in nature of business during Financial Year ended **March 31, 2018**.

6. SIGNIFICANCE AND MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There were no significance and material orders passed by regulators or courts or tribunals impacting the going concern status and company operations in future. There were no material changes and commitments affecting the financial position of the company occurring between **March 31, 2018** and the date of this Report of the Directors.

7. SUBSIDIARIES, JOINT VENTURE / ASSOCIATES COMPANIES DURING THE YEAR:

The Company has no subsidiaries, joint ventures or associate companies for the financial year ended **March 31, 2018**.

8. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

9. DISCLOSURE OF VARIOUS POLICIES:

The Board has approved various policies in their meeting so that the Committees work effectively and in accordance with the provisions as stipulated in the Policies. Various policies as approved by the Board of Directors are posted on the Company's website.

10. REMUNERATION POLICY:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. This Policy is posted on the company's website www.subhashsilk Mills.com.

11. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior the Company has adopted a vigil mechanism policy. Accordingly, 'Whistle Blower Policy' has been formulated with a view to provide a mechanism for the Directors and employees of the Company to approach the Ethics Counsellor or the Chairman of the Audit Committee of the Company. This Policy is posted on company's website www.subhashsilk Mills.com.

12. DEPOSITS:

The Company has not accepted any deposits and as such no amount of principal or interest was outstanding as on the Balance Sheet date.

13. CORPORATE GOVERNANCE:

A detailed Report on Corporate Governance forms part of this Annual Report. The Auditors' certificate on compliance with Corporate Governance requirements by the Company is also attached to the said Report on Corporate Governance.

14. MANAGEMENT DISCUSSION AND ANALYSIS:

In terms of the provisions of Regulations 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the detailed review on the operations and performance of the Company and its business is given in the Management Discussion and Analysis, is set out in this Annual Report.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by company are given under the **Note 4** of the Notes to Accounts to financial statements for the financial year ending **March 31, 2018**.

16. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are probably authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company. The company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

17. DIRECTORS:

There were no changes in the composition of Directors of the Company during the Financial Year ended March 31, 2018.

As per the provisions of the Companies Act 2013, Mr. Dhiraj Mehra (DIN 01409010), retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommend this re-appointment.

18. DETAILS OF KEY MANAGERIAL PERSONNEL:

During the Financial Year, following persons holds post of Key Managerial Personnel in the Company in compliance with provisions of Section 203 of the Companies Act, 2013:

1. Mr. Dhiraj Subhash Mehra - Managing Director
2. Mrs. Priyanka Mankame - Chief Financial Officer
3. Ms. Paridhi Somani - Company Secretary

19. DECLARATION FROM INDEPENDENT DIRECTORS:

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

20. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

21. BOARD MEETINGS:

During the Financial Year, **5 (Five)** Board Meetings were convened and held on **May 29, 2017, August 10, 2017, September 28, 2017, November 14, 2017 and February 10, 2018**. The

details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

22. COMMITTEES OF THE BOARD:**a. Audit Committee:**

The Audit Committee consisted of 3 (three) members. During the financial year, **4 (four)** Audit Committee Meetings were convened and held on **May 16, 2017, August 1, 2017, November 6, 2017 and January 30, 2018**. More details on the committee are given in Corporate Governance Report.

b. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee consisted of 3 (three) members. During the Financial Year, **2 (Two)** Meetings were convened and held on **January 30, 2018 and February 10, 2018**. More details on the Committee are given in Corporate Governance Report.

c. Stakeholder Relationship Committee:

The Stakeholder Relationship Committee which comprises of 2 members. During the Financial Year, 4 (Four) meetings were convened and held on **May 16, 2017, August 1, 2017, November 6, 2017 and January 30, 2018**. More details on the committee are given in Corporate Governance Report.

23. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

In order to prevent sexual harassment of women at work place the Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and during the year Company has not received any complaint of such harassment.

24. DIRECTORS' RESPONSIBILITY STATEMENT:

The Financial Statements are prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Companies Act 2013 ('the Act') read with the Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act and guidelines issued by SEBI. There are no material departures from the prescribed accounting standards in the adoption of these standards.

The Board of Directors of the Company confirms:

- i. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments 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 profit of the Company for that period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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;
- v. The Directors have laid down an adequate system of internal financial control to be followed by the Company and such internal financial controls are adequate and operating efficiently;
- vi. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

25. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

The Company has three Executive Director (including one Managing Director). Further sitting fee of Rs. 10,000/- each has been paid to the 3 independent directors during the year.

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are:

Employed throughout the year	Nil
Employed for part of the year	Nil

The remuneration paid to all key management personnel was in accordance with remuneration policy adopted by the company.

In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

26. STATUTORY AUDITORS & THEIR REPORT:

M/s. Govind Prasad & Co. (Firm Registration No.: **114360W**), Chartered Accountants were appointed for a period of 5 years i.e. upto FY 2021-2022 pursuant to provisions of Section 139 of the Companies Act 2013 and Rules made thereunder.

Further there was no qualification or adverse remarks in the Auditors Report for the financial year ended **March 31, 2018**.

27. SECRETARIAL AUDITOR & HER REPORT:

Pursuant to the provision of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed KNK & Co. LLP, Company Secretaries to undertake the Secretarial Audit of the Company for **FY 2017-18**. The Secretarial Audit Report is annexed herewith as "**Annexure A**". Further there were no qualifications or remarks in the Secretarial Report for the Financial Year ended **March 31, 2018**.

28. INTERNAL AUDITORS:

M/s S. N. Katdare & Co., Chartered Accountants performs the duties of Internal Auditors of the Company and their report is reviewed by the Audit Committee from time to time.

29. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "**Annexure B**".

30. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on Conservation of Energy, Technology Adsorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed with this report as "**Annexure C**".

31. CORPORATE SOCIAL RESPONSIBILITY:

Your Company does not fall in the criteria mentioned under Section 135(1) of the Companies Act, 2013 for applicability of the provisions of Corporate Social Responsibility. Hence, your Company is not required to constitute CSR Committee and to comply with other provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

32. RELATED PARTY TRANSACTIONS:

There were no contracts or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013. All material related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which have a potential conflict with the interest of the Company at large.

Thus, disclosure in Form AOC-2 is not required. None of the Directors has any pecuniary relationships or transactions vis-à-vis the company.

33. CODE OF CONDUCT:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Code has been placed on Company's website www.subhashsilk Mills.com. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

34. 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. The shareholders have already dematerialized their shares and Purva 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.

SEBI vide its recent circular has proposed to prohibit transfer of shares in physical form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

35. PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board of Directors and the designated employees have confirmed compliance with the Code.

36. LISTING:

The Equity Shares of your Company are presently listed on the BSE Limited (Bombay Stock Exchange). And the Company has paid the annual listing fees for the financial year 2018-2019.

37. WEBSITE OF THE COMPANY:

The Company maintains a functional website i.e. www.subhashsilk Mills.com where detailed information of the Company and its activities are provided along with

38. COMPLIANCE WITH SECRETARIAL STANDARDS ON THE BOARD AND GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

39. ACKNOWLEDGEMENTS:

We thank our customers, vendors, investors, bankers for their continued support during the financial year. We place on record our appreciation of the contribution made by our employees at all levels. We also thank the government for their support and look forward to their continued support in future.

BY ORDER OF THE BOARD OF DIRECTORS

For SUBHASH SILK MILLS LTD.

SD/-

SUMEET MEHRA

CHAIRMAN & DIRECTOR

DIN: 00342934

SD/-

DHIRAJ MEHRA

MANAGING DIRECTOR

DIN: 01409010

Date: August 13, 2018

Place: Mumbai