

SKY INDUSTRIES LIMITED



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TENTH ANNUAL REPORT
1998-99

BOARD OF DIRECTORS

MR. NITIN MOTANI, Chairman

MR. SHARAD SHAH

MR. SHAILESH SHAH, Managing Director

MR. SAURABH MOTANI, Whole Time Director

AUDITORS

G.M. MEHRA & ASSOCIATES,
Chartered Accountants
Mumbai

BANKERS

ORIENTAL BANK OF COMMERCE
Fort, Mumbai

REGISTERED OFFICE AND WORKS

C-58, TTC Industrial Area,
Thane Belapur Road,
Pawane, New Mumbai,
Pin 400 705.

SHARE TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LTD.
260-A, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (W),
Mumbai - 400 080.

NOTICE

To,
The Members of
SKY INDUSTRIES LIMITED

The **TENTH ANNUAL GENERAL MEETING** of **SKY INDUSTRIES LIMITED** will be held at the Registered Office of the Company at C - 58, TTC Industrial Area, Thane Belapur Road, Pawane, New Mumbai 400 705, on Tuesday, 14th September, 1999 at 10.00 A.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account of the company for the year ended 31st March, 1999.
2. To appoint a Director in place of Mr. Saurabh Motani who retires by rotation and being eligible, offers himself for reappointment.
3. To declare Dividend
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED THAT in modification of the resolution passed by the Company in its Annual General Meeting held on 8th November 1995, appointing Mr. Shailesh Shah as Managing Director of the Company for the period of five years from 1st October 1995, the Company hereby approves, within and in accordance with the limits prescribed in schedule XIII to the Companies Act, 1956, the revision in the remuneration payable to Mr. Shailesh Shah as below :

- a) Basic Salary Rs. 8,000/- per month
- b) Company's contribution to provident fund at 12% of basic salary.
- c) Conveyance allowance : Rs. 800/- per month
- d) House rent allowance : Rs. 2,500/- per month
- e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
- f) Leave travel allowance for himself and family : Rs. 20,000/- per annum.
- g) Reimbursement of servant's salary : Rs. 750/- per month.
- h) Reimbursement of helper's salary : Rs. 2,000/- per month.
- i) Reimbursement of expenses on uniforms : not exceeding Rs. 20,000/- per annum.
- j) Reimbursement of expenses on furnishings : not exceeding Rs. 30,000/- per annum."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED THAT pursuant to sections 198, 269, 309 and subject to the conditions laid down in schedule XIII to the Companies Act, 1956 and other applicable provisions of the said Act, the Company do hereby appoint Mr. Saurabh Motani as whole time Director of the Company at the remuneration as detailed below for the period of five years from 1st September 1999

- a) Basic Salary Rs. 8,000/- per month
- b) Company's contribution to provident fund at 12% of basic salary.
- c) Conveyance allowance : Rs. 800/- per month
- d) House rent allowance : Rs. 2,500/- per month
- e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
- f) Leave travel allowance for himself and family : Rs. 20,000/- per annum.
- g) Reimbursement of servant's salary : Rs. 750/- per month.
- h) Reimbursement of helper's salary : Rs. 2,000/- per month.
- i) Reimbursement of expenses on uniforms : not exceeding Rs. 20,000/- per annum.
- j) Reimbursement of expenses on furnishings : not exceeding Rs. 30,000/- per annum."

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7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :
- "RESOLVED THAT pursuant to sections 198, 269, 309 and subject to the conditions laid down in schedule XIII to the Companies Act, 1956 and other applicable provisions of the said Act, the Company do hereby appoint Mr. Nitin Motani as whole time Director of the Company for the period of five years from 1st September 1999 at the remuneration as detailed below :
- a) Basic Salary Rs. 8,000/- per month
 - b) Company's contribution to provident fund at 12% of basic salary.
 - c) Conveyance allowance : Rs. 800/- per month
 - d) House rent allowance : Rs. 2,500/- per month
 - e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
 - f) Leave travel allowance for himself and family : Rs. 20,000/- per annum.
 - g) Reimbursement of servant's salary : Rs. 750/- per month.
 - h) Reimbursement of helper's salary : Rs. 2,000/- per month.
 - i) Reimbursement of expenses on uniforms : not exceeding Rs. 20,000/- per annum.
 - j) Reimbursement of expenses on furnishings : not exceeding Rs. 30,000/- per annum."
8. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :
- "RESOLVED THAT pursuant to sections 198, 269, 309 and subject to the conditions laid down in schedule XIII to the Companies Act, 1956 and other applicable provisions of the said Act, the Company do hereby appoint Mr. Sharad Shah as whole time Director of the Company for the period of five years from 1st September 1999 at the remuneration as detailed below :
- a) Basic Salary Rs. 8,000/- per month
 - b) Company's contribution to provident fund at 12% of basic salary.
 - c) Conveyance allowance : Rs. 800/- per month
 - d) House rent allowance : Rs. 2,500/- per month
 - e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
 - f) Leave travel allowance for himself and family : Rs. 20,000/- per annum.
 - g) Reimbursement of servant's salary : Rs. 750/- per month.
 - h) Reimbursement of helper's salary : Rs. 2,000/- per month.
 - i) Reimbursement of expenses on uniforms : not exceeding Rs. 20,000/- per annum.
 - j) Reimbursement of expenses on furnishings : not exceeding Rs. 30,000/- per annum."

By The Order of the Board

NITIN MOTANI
Chairman

Registered office :
C-58, TTC Industrial Area,
Thane Belapur Road,
Pawane, New Mumbai 400705
New Mumbai, 5th August, 1999

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Transfer Books of the Company will remain closed from 14/09/99 to 17/09/99 (both days inclusive).
3. Members are requested to advise indicating their folio number, the change of their address, if any to the Company's Registrars and Transfer Agent, M/S. Intime Spectrum Registry Ltd, 260-A Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai- 400 080.
4. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting and hand over the same at the entrance of the Meeting Hall.

Sky Industries Limited**10th Annual Report****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM No. 5 :**

Mr. Shailesh Shah was appointed as Managing Director of the Company at the annual General Meeting of the Company held on 8th November 1995 for a period of five years commencing 1st October 1995. His remuneration was fixed at Rs. 12,500/- in the scale of Rs. 12,500 to Rs. 50,000/-. Considering the increase in responsibilities in the Company and the level of emoluments in similar other Companies, it was proposed to rationalise the remuneration. The total emoluments of Mr. Shailesh Shah, are however, within the overall monetary limits specified in the said resolution.

Mr. Sharad Shah and Mr. Nitin Motani, being related to Mr. Shailesh Shah and Mr. Shailesh Shah, since this resolution relates to him are concerned or interested in the resolution

This explanatory statement together with the accompanying notice is to be regarded as an abstract of terms and memorandum of interest under section 302, of the Companies Act, 1956

ITEM No. 6 :

Mr. Saurabh Motani retires and offers himself for reappointment in the ensuing Annual General Meeting. He is at present the whole time Director of the Company. If reappointed as Director, it was proposed to rationalise the emoluments of Mr. Saurabh Motani. The total emoluments of Mr. Saurabh Motani, are however, within the overall monetary limits specified in the resolution passed at the Annual General Meeting held on 8th November 1995, wherein he was appointed as Whole Time Director.

Mr. Nitin Motani, being related to Mr. Saurabh Motani and Mr. Saurabh Motani, since this resolution relates to him, are concerned or interested in the resolution

This explanatory statement together with the accompanying notice is to be regarded as an abstract of terms and memorandum of interest under section 302, of the Companies Act, 1956

ITEM No. 7 :

Mr. Nitin Motani is Chairman of the Company and is also involved in day to day management and affairs of the business of the Company. Looking at the increased activities of the Company and future business, it was proposed to appoint Mr. Nitin Motani as whole time Director of the Company at suitable remuneration.

Mr. Saurabh Motani, Mr. Shailesh Shah and Mr. Sharad Shah being related to Mr. Nitin Motani and Mr. Nitin Motani, since this resolution relates to him, are concerned or interested in the resolution

This explanatory statement together with the accompanying notice is to be regarded as an abstract of terms and memorandum of interest under section 302, of the Companies Act, 1956

ITEM No. 8 :

Mr. Sharad Shah is Director of the Company and is also involved in international marketing business of the Company. Looking at the increased activities of the Company and future business, it was proposed to appoint Mr. Sharad Shah as whole time Director of the Company at suitable remuneration.

Mr. Shailesh Shah and Mr Nitin Motani, being related to Sharad Shah and Mr. Sharad Shah, since this resolution relates to him, are concerned or interested in the resolution

This explanatory statement together with the accompanying notice is to be regarded as an abstract of terms and memorandum of interest under section 302, of the Companies Act, 1956

By The Order of the Board

NITIN MOTANI
Chairman

Registered office :
C-58, TTC Industrial Area,
Thane Belapur Road,
Pawane, New Mumbai 400705
New Mumbai, 5th August, 1999

Sky Industries Limited**10th Annual Report****DIRECTORS' REPORT**

To,
The Members,

SKY INDUSTRIES LIMITED

Your Directors have pleasure in presenting the Ninth Annual Report together with the audited accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS	YEAR ENDED	
	(Rs. Lacs)	
	31.03.99	31.03.98
Gross Sales	1629.91	994.88
Other Income	46.30	33.62
Profit before interest, depreciation & taxation	275.94	178.99
Interest and Finance charges	92.57	65.29
Depreciation	69.15	46.70
Operating Profit	114.22	67.00
Taxation	22.50	12.50
Profit after taxation	91.72	54.50
Balance b/f from previous year	95.01	86.94
Excess provision for tax written back	(0.13)	2.95
Transfer to General Reserve	5.00	5.00
Dividend for the year	39.76	39.76
Tax on Dividend	4.37	3.97
Balance carried to Balance Sheet	137.46	95.01

PERFORMANCE

Your Directors are pleased to summarise for you the results for the year ended 31 st March, 1999. The company achieved a total turnover of Rs. 1629.91 lacs during the year as against Rs. 994.88 lacs in the previous year, thereby showing an increase of over 63%. The net profit after tax stood at Rs.91.72 lacs as against Rs. 54.50 lacs during the previous year. The Company completed process of expansion of the production capacity for manufacture of Hook and Loop Tape Fasteners from 210 lacs meters to 375 lacs meters during the year under review. The above results is an outcome of Company's constant efforts towards achieving

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excellence in quality, effective utilisation of resources and capacities and cost control. In domestic market the Company has already become a market leader in Hook and Loop Tape Fasteners. The product Elastics Tapes is also well accepted in international market.

DIVIDEND

Your Directors have pleasure in recommending for your consideration payment of dividend at 10% for the year ended 31 st March,1999.

Year 2000 (Y2K) Related Issues

The Company has taken reasonable and effective steps to identify, address and minimise the impact of Y2K related issues. According to the tests and inspections carried out till date on the majority of the Computer Hardware and Software, the respective areas are found to be Y2K compliant. The expenditure incurred on the same is not significant. The Company has a reasonable contingency plan for the roll over to the next millennium.

AUDITORS

Messers G. M. Mehra & Associates, Chartered Accountants, the Auditors of the Company retire and being eligible offer themselves for reappointment.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES,1988.

In terms of the above Rules, the report is given in Annexure to this report.

EMPLOYEES

The Company does not have employees particulars of whom would be required to be furnished under Section 217(2A) of the companies Act,1956.

The directors place on record their sincere appreciation for services rendered by all employees of the company. The Directors also thank the shareholders and the Bankers of the Company, for their support and look forward to their continued confidence in the measures being taken for prosperity of the company.

For and on behalf of the Board

NITIN MOTANI
(CHAIRMAN)

NEW MUMBAI, AUGUST 5, 1999

Sky Industries Limited**10th Annual Report****ANNEXURE TO DIRECTORS' REPORT****COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. Conservation of Energy :****(a) Energy conservation measures taken:**

The production activity of the company is not energy intensive. However all measures are being taken for optimising energy usage from planning stage itself.

(b) Additional investment and proposals, if any being implemented for reduction of consumption of energy:

The company does not have any immediate investment plan for conservation of energy.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The Company has maintained the energy cost at minimum level over the period of time.

(d) Total energy consumption and energy consumption per unit of production :**POWER AND FUEL CONSUMPTION :****1. ELECTRICITY**

	Current year	previous year
(a) Purchased		
Units	519,720	293,270
Total Amount.	Rs. 22.35 Lacs	Rs. 12.56 lacs
Rate/Unit	Rs. 4.30Rs. 4.28	
(b) own generation (Through Diesel Generator)		
Units	19,072	16,833
Total Amount	Rs. 0.67 lacs	Rs. 0.64 lacs
Rate/Unit	Rs. 3.54	Rs. 3.58
2. COAL	Nil	Nil
3. FURNACE OIL	Nil	Nil
4. OTHERS	Nil	Nil

Consumption per unit of production

	Standard (if any)	Current year	Previous year
Hook and Loop Tape Fastners (Meters)			
Electricity (Units)/meter	N.A.	0.02	0.02
Elastics Tapes (Meters)			
Electricity (Units)/meter	N.A.	0.01	0.01