

SKY INDUSTRIES LIMITED



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**ELEVENTH
ANNUAL REPORT
1999-2000**

Sky Industries Limited

Annual Report 1999-2000

BOARD OF DIRECTORS

MR. NITIN MOTANI, Chairman
MR. SHARAD SHAH
MR. SHAILESH SHAH, Managing Director
MR. SAURABH MOTANI

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, Navi Mumbai,
Pin-400 705.

EXPORT ORIENTED UNIT

SKY INDUSTRIES LTD.

242, Surat Export Processing Zone,
Diamond Industrial Park, Road No. 3,
G.I.D.C. Sachin-394 238.
Dist. Surat (Gujarat)
Website : www.skgroup.com
E-mail : sales@skgroup.com

SHARE TRANSFER AGENTS

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

Sky Industries Limited

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NOTICE

To,
The Members of
SKY INDUSTRIES LIMITED

The **ELEVENTH 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, Navi Mumbai 400705, on Thursday, 28th September, 2000 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, 2000 and Profit and Loss Account of the Company for the year ended 31st March, 2000.
2. To appoint a Director in place of Mr. Sharad Shah 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 :

To Consider and if thought fit to pass with or without modification the following resolution as a special resolution.

5. " Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

DEMATERIALIZATION OF SECURITIES

24A

Definitions

1. For the purpose of this Articles
2. 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;
'SEBI' means the Securities and Exchange Board of India;
'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate or registration to act as a depository under Securities and Exchange Board of India Act, 1992 and
'Security' means such security as may be specified by the SEBI from time to time.

Dematerialisation of Securities

2. Notwithstanding anything contained in these Article, the Company shall be entitled to dematerialise its securities and to offer securities in dematerialised form pursuant to the Depositories Act, 1996.

Option for investors

3. Every person subscribing to securities offered by the Company shall have option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time option out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

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Securities in depositories to be in fungible form

4. All securities held by a depository to the Company dematerialises and be in fungible form. Nothing contained in section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights in depositories and beneficial owners

5. (a) Notwithstanding anything to the contrary contained in the act or these Articles a depository shall be *deemed to be the registered owner for the purposes of effecting transfer of ownership of security* on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above the depository as the registered owner of a securities shall not have any voting rights or any the right in respect of securities held by it.
- (c) Every person, holding securities of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Services of Document

6. Notwithstanding anything in the Act or these Article to the contrary, where securities are held in a depository the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

7. Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with a depository

8. *Nothing contained in the Act or these Articles where securities are dealt with by a depository the Company shall intimate the details thereof to the depository immediately on allotment of such securities.*

Distinctive number of Securities held in a depository

9. Nothing contained in the Act or these Articles regarding the necessary of having of distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register of index of beneficial owner maintained by a depository under Depositories Act, 1996 shall be deemed to be the Register and Index of member and securities holders for the purpose of these Articles.

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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 the Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any of the said Act, the Company do hereby reappoint Mr. Shailesh Shah as Managing Director of the Company for the period of five years from 1st October 2000, at the remuneration as detailed below :

- a) Basic Salary Rs. 17,000/- per month
- b) Company's contribution to provident fund at 12% of basic salary.
- c) Conveyance allowance : Rs. 1,500/- per month
- d) House rent allowance : Rs. 7,000/- per month
- e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
- f) Leave travel allowance for himself and family : Rs. 35,000/- per annum.
- g) Reimbursement of servant's salary : Rs. 1,500/- per month.
- h) Reimbursement of helper's salary : Rs. 4,000/- per month.
- i) Reimbursement of expenses on uniforms : not exceeding Rs. 40,000/- per annum.
- j) Reimbursement of expenses on furnishings : not exceeding Rs. 1,15,000/- per annum."

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 Mr. Saurabh Motani as Whole time Director of the Company as detailed below for the period of five years from 1st September 2000

- a) Basic Salary Rs. 17,000/- per month
- b) Company's contribution to provident fund at 12% of basic salary.
- c) Conveyance allowance : Rs. 1,500/- per month
- d) House rent allowance : Rs. 7,000/- per month
- e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
- f) Leave travel allowance for himself and family : Rs. 35,000/- per annum.
- g) Reimbursement of servant's salary : Rs. 1,500/- per month.
- h) Reimbursement of helper's salary : Rs. 4,000/- per month.
- i) Reimbursement of expenses on uniforms : not exceeding Rs. 40,000/- per annum.
- j) Reimbursement of expenses on furnishings : not exceeding Rs. 1,15,000/- 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 revise the remuneration payable to Mr. Nitin Motani as whole time Director of the Company for the period of five years from 1st September 2000 at the remuneration as detailed below :

- a) Basic Salary Rs. 20,000/- per month
- b) Company's contribution to provident fund at 12% of basic salary.
- c) Conveyance allowance : Rs. 1,500/- per month
- d) House rent allowance : Rs. 10,000/- per month

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- e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
 - f) Leave travel allowance for himself and family : Rs. 50,000/- per annum.
 - g) Reimbursement of servant's salary : Rs. 2,000/- per month.
 - h) Reimbursement of helper's salary : Rs. 5,000/- per month.
 - i) Reimbursement of expenses on uniforms : not exceeding Rs. 35,000/- per annum.
 - j) Reimbursement of expenses on furnishings : not exceeding Rs. 1,29,200/- per annum."
9. 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 2000 at the remuneration as detailed below :
- a) Basic Salary Rs. 17,000/- per month
 - b) Company's contribution to provident fund at 12% of basic salary.
 - c) Conveyance allowance : Rs. 1,500/- per month
 - d) House rent allowance : Rs. 7,000/- per month
 - e) Reimbursement of medical expenses : Rs. 15,000/- per annum.
 - f) Leave travel allowance for himself and family : Rs. 35,000/- per annum.
 - g) Reimbursement of servant's salary : Rs. 1,500/- per month.
 - h) Reimbursement of helper's salary : Rs. 4,000/- per month.
 - i) Reimbursement of expenses on uniforms : not exceeding Rs. 40,000/- per annum.
 - j) Reimbursement of expenses on furnishings : not exceeding Rs. 1,15,000/- per annum."

Registered office :

C-58, TTC Industrial Area,
Thane Belapur Road,
Pawane, Navi Mumbai-400 705.
NAVI MUMBAI, 19th JULY, 2000.

By The Order of the Board
NITIN MOTANI
Chairman

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.
Proxies, in order to be effective Proxy form must be received by the company not less than 48 hours before the meeting.
2. The Register of Members and the Transfer Books of the Company will remain closed from 25/09/2000 to 28/09/2000 (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 Pvt. Ltd, 260 Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai-400 080.

Sky Industries Limited**Annual Report 1999-2000****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO. 5**

The Shares of the Company will be compulsory traded in Dematerialized form with effect from 27th November, 2000 vide circular No. SMDRP/POLICY/CIR-23/2000 dated 29th May, 2000 issued by Securities & Exchange Board of India. The resolution is proposed to amend the Articles of Association suitably to enable the above.

None of the Directors are concerned or interested in passing of the said resolution.

ITEM NO. 6

Mr. Shailesh Shah is proposed to be re-appointed as Managing Director of the Company for a period of five years commencing from 1st October, 2000 considering the increase in responsibilities in the Company and the level of his emoluments in similar other companies, it was proposed to increase remuneration.

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. 7

Mr. Saurabh Motani is working as the whole Time Director of the Company. Considering the responsibilities and the level of emoluments in similar other Companies, it was proposed to

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. 8

Mr. Nitin Motani is Chairman of the Company and is also involved in day to day management and affairs of the Company. Looking at the increased activities of the Company and future business, it was increase his remuneration.

Mr. Saurabh Motani, Mr. Shailesh Shah and Mr. Shailesh Shah 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 regarede as an abstract of terms and memorandum of interest under section 302, of the Companies Act, 1956.

ITEM NO. 9

Mr. Sharad Shah retires and offers himself for re-appointment in ensuing Annual General Meeting. He is presently the whole Time Director of the Company if re-appointed, it was proposed to increase his remuneration as proposed in resolution.

Mr. Shailesh Shah and Mr. Nitin Motani, being related to Sharad Shah and Mr. Sharad Shah, since this resolution relates in 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.

Registered office :

C-58, TTC Industrial Area,
Thane Belapur Road,
Pawane, Navi Mumbai-400 705
NAVI MUMBAI, 19th JULY, 2000.

By The Order of the Board
NITIN MOTANI
Chairman

Sky Industries Limited**Annual Report 1999-2000****DIRECTORS' REPORT**

To,

The Members,

SKY INDUSTRIES LIMITED

Your Directors have pleasure in presenting the Eleventh Annual Report together with the audited accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	YEAR ENDED	
	(Rs. in lacs)	
	31.03.2000	31.03.1999
Gross Sales	2227.47	1629.91
Other Income	11.03	46.30
Profit before interest, depreciation and taxation	328.94	275.94
Interest and Finance Charges	73.89	92.57
Depreciation	73.51	69.15
Operating Profit	181.54	114.22
Provision for tax	20.40	22.50
Profit after tax	161.14	91.72
Balance b/f from previous year	137.46	95.01
Excess provision for tax written back	(0.29)	(0.13)
Transfer to General Reserve	5.00	5.00
Dividend for the year	39.76	39.76
Tax on Dividend	8.75	4.37
Balance carried to Balance Sheet	244.80	137.46

PERFORMANCE

Your Directors are pleased to summarise for you the results for the year ended 31st March, 2000. The Company achieved a total turnover of Rs.2227.47 lacs during the year as against Rs.1629.91 lacs in the previous year thereby showing an increase of over 36%. The net profit after tax stood at Rs.161.14 lacs as against Rs. 91.72 lacs during the previous year. The Company had started a new 100% export oriented unit at Surat Export Processing Zone near Surat (Gujrat). Company also increased the capacity for manufacture of Hook and Loop Tape Fasteners. The commercial production at the new unit and expanded capacities started in March 2000. In the coming years the positive impact of these will be reflected in turnover and profitability. During the year Company achieved a six fold increase in exports.

DIVIDEND

Your Directors have pleasure in recommending for your consideration payment of dividend at 10% for the year ended 31st March, 2000.

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AUDITORS

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

SUBSIDIARY COMPANY

During the year Company incorporated its wholly owned subsidiary Company in USA namely Skay Inc. The Company invested US Dollars 30,000 in the capital of the said Company. The said Company will look after international marketing of the Company's products. The financial results of the said Company are annexed to the accounts.

DEPOSITORY SYSTEM

The shares of the Company will be compulsorily traded in electronic (demat) form with effect from 27th November 2000 vide circular of Securities and Exchange Board of India dated 29th May 2000. The Company is in the process of entering into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services Limited ("CDSL") to facilitate the trading in shares of the Company in electronic form. The shareholders are requested to dematerialise the shares in their own interest.

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

In term of the above rule, the report is given in Annexure to this report.

EMPLOYEES

The Company does not have employees particulars of whom 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.

NAVI MUMBAI, 19th JULY, 2000

For and on behalf of the Board

NITIN MOTANI

CHAIRMAN

Sky Industries Limited**Annual Report 1999-2000****ANNEXURE TO DIRECTORS' REPORT****COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 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.

(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	651,116	519,720
Total Amount	Rs. 27.35 lacs	Rs.22.35 Lacs
Rate/Unit	Rs. 4.20	Rs.4.30
(b) Own generation		
(Through Diesel Generator)		
Units	24,927	19,072
Total Amount	Rs. 0.86 lacs	Rs.0.67 Lacs
Rate/Unit	Rs.3.45	Rs.3.54
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 (unit)/Meter	N.A.	0.02	0.02
Elastics Tapes (meter)			
Electricity (unit)/meter	N.A.	0.01	0.01