



SKY INDUSTRIES LTD.

Report



junction.com

Nineteenth

Annual Report

2007-2008

**BOARD OF DIRECTORS**Mr. Nitin Motani (*Chairman*)Mr. Shailesh Shah (*Managing Director*)

Mr. Sharad Shah

Mr. Saurabh Motani

Mr. Maikal Raorani

Mr. Mahadeo Puranik (*Resigned w.e.f. 9th Aug. 2008*)

Mr. Hemant Thakur

Mr. Mahesh Shirodkar

Mr. Vijay Choraria (*From 31st July, 2007*)**COMPANY SECRETARY**Ms. Sujal Master (*Resigned w.e.f. 31st Jan. 2008*)**REGISTERED OFFICE & WORKS**C-58, TTC Industrial Area, Thane Belapur Road,  
Pawane, Navi Mumbai - 400 705.**AUDITORS**KALYANIWALLA & MISTRY  
(Chartered Accountants)**BANKERS**

Oriental Bank of Commerce

The Karur Vysya Bank Ltd.

The South Indian Bank Ltd.

Kotak Mahindra Bank Ltd.

The Dombivali Nagari Sahakari Bank Ltd.

**SHARE TRANSFER AGENTS**

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (W),

Mumbai - 400 078.

**PAGE INDEX**

INFORMATION REGARDING DIRECTORS, AUDITORS, BANKERS & THE RTA	1
NOTICE FOR AGM	2
DIRECTORS' REPORT	6
CORPORATE GOVERNANCE REPORT	11
<b>STANDALONE FINANCIAL RESULTS</b>	
REPORT OF THE AUDITORS	21
BALANCE SHEET	24
PROFIT AND LOSS ACCOUNT	25
SCHEDULES	26
BALANCE SHEET ABSTRACT	39
CASH FLOW STATEMENT	40
STATEMENT REGARDING SUBSIDIARY CO.	41
<b>CONSOLIDATED FINANCIAL RESULTS</b>	
AUDITORS' REPORT	42
BALANCE SHEET	43
PROFIT AND LOSS ACCOUNT	44
SCHEDULES	45
CASH FLOW STATEMENT	57
<b>SUBSIDIARY COMPANIES RESULTS</b>	
SKAY INC.	58
SKY HEMMAY PVT. LTD.	63

**SKY INDUSTRIES LIMITED****NOTICE**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of SKY INDUSTRIES LIMITED will be held on Saturday the 13<sup>th</sup> day of September, 2008 at 11.00 a.m. at the Registered Office at C-58, TTC Industrial Area, Thane Belapur Road, Pawane, Navi Mumbai – 400 705 to transact the following business:

**Ordinary Business**

To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.

To appoint a Director in place of Mr. Hemant Thakur, who retires by rotation and being eligible offers himself for re-appointment.

To appoint a Director in place of Mr. Mahesh Shirodkar, who retires by rotation and being eligible offers himself for re-appointment.

To consider the reappointment of Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**“RESOLVED THAT** M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors.”

**Special Business**

To consider and if thought fit to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to re-appoint Mr. Maikal Raorani as a Wholetime Director of the Company for a period commencing from 1<sup>st</sup> October, 2008 to 30<sup>th</sup> September, 2009 (both days inclusive), on the terms and conditions and remuneration (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term) as placed before the meeting with sanction to the Board of Directors of the Company or the Committee to revise the terms of re-appointment and/or vary or increase the remuneration and perquisites payable within the limits as provided for in the Act rules made there under.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized or cause to do all the acts, deeds and things and execute all such documents, instruments and writing as may be required to give effect to the aforesaid resolution.”

**By Order of the Board of Directors**

Sd/-  
**Nitin Motani**  
Chairman

**Registered Office:**

C-58, TTC Industrial Area,  
Thane Belapur Road,  
Pawane, Navi Mumbai – 400 705

**Place: Mumbai,**

**Date : 9<sup>th</sup> August 2008**

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. Members are requested to bring their attendance slip along with their copy of the annual report to the meeting.
6. Members are requested to notify immediately any change in their address to their respective Depository participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078
7. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed herewith.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
9. The Register of Members and the Share Transfer Book of the Company will remain closed from 10<sup>th</sup> September, 2008 to 13<sup>th</sup> September, 2008 (Both days inclusive) for the purpose of Annual General Meeting.
10. All the dividends, declared for the financial year 2000-2001, remaining unclaimed on 22<sup>nd</sup> September 2008 will be transferred to the Investor Education and Protection Fund in accordance with the Provisions of the Section 205(C) of the Companies Act, 1956 and no claims shall lie thereafter, against the fund or the Company.

**Profile of the Directors liable to retire by rotation :****MR. HEMANT THAKUR**

Mr. Hemant Thakur, aged 58, has tremendous experience and knowledge in the Economics and law field, he has been associated with the Company for the past 2-3 years. His insight knowledge and experience about the sources and availability of economical matters around the world has made the company technically sound his contribution towards the Company throughout has been very useful.

**MR. MAHESH SHIRODKAR**

**Mr. Mahesh Shirodkar**, aged 48, has tremendous experience and knowledge in the Travelling and Information field, he has been associated with the Company for the past 2-3 years. His insight knowledge and experience about the sources around the world has made the company technically sound. His contribution towards the Company throughout has been very useful.

**SKY INDUSTRIES LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.6**

Mr. Raorani, aged 35, B.E. (Electronics & Communications), MBA (Finance) has rich and vast experience of around 10 years in finance, accounts, legal and commercial functions.

The main terms of re-appointment of Mr. Maikal Raorani as Wholtime Director of the Company are given below:

1. The appointment of Mr. Maikal Raorani as a Wholtime Director of the Company shall be for a period commencing from 1<sup>st</sup> October, 2008 to 30<sup>th</sup> September, 2009, (both days inclusive).
2. Mr. Raorani shall exercise all such powers and perform all such functions and duties as may be entrusted to him by the Chairman/Managing Director and/or the Board of Directors of the Company and be subject to such restrictions as the Chairman /Managing Director and/or the Board of Directors of the Company may from time to time specify.
3. Mr. Raorani shall report to the Chairman/Managing Director and be responsible for all his actions to the Chairman/Managing Director as well as to the Board.
4. Mr. Raorani shall devote his whole time, attention and abilities during business hours to the business of the Company and undertake traveling in India and abroad for the same.
5. Remuneration: Mr. Raorani shall be entitled to the following emoluments, salary and perquisites and allowances, subject to the limits laid down under Sections 198, 309 read with Schedule XIII to the Companies Act, 1956 :

Salary, Perquisites and Allowance: Rs. 100,000/- per month. Increments will be decided upon from time to time by the Board / remuneration committee each year and will be merit based and take into account the Company's performance.

**Perquisites and Allowances:**

The perquisites and allowances include medical reimbursement; leave travel concession for self and family; medical/ accident insurance, and such other perquisites in accordance with the rules of the Company or as may be agreed to by the Board of Directors.

For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per Income - tax rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Benefits under the Provident Fund, the Superannuation Fund to the extent these either singly or put together, gratuity payable as per the rules of the Company, encashment of leave at the end of the tenure in accordance with the rules and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites.

**Minimum Remuneration:**

In the event of loss or inadequacy of profits during any financial year, in the aforesaid period, the Company will pay remuneration by way of salary, perquisites and allowances not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, subject to the requisite approvals being obtained.

6. Mr. Raorani shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.
7. Mr. Raorani shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling, incurred in the course of the Company's business.
8. In case of death of Mr. Raorani during the course of his employment, the Company will pay to his legal personal representatives the salary and other emoluments payable hereunder for the then current month.
9. Mr. Raorani shall not directly or indirectly engage himself in any business or activity substantially similar to or competing with the business or activity of the Company during the term of the Agreement.
10. Mr. Raorani shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
11. Mr. Raorani shall not divulge or disclose any information or knowledge obtained by him during his employment as to the business or affairs of the Company or any trade secrets or secret processes of the Company.

**SKY INDUSTRIES LIMITED**

12. Mr. Raorani's employment shall be determined forthwith if he commits a breach of any of the aforesaid terms, disqualifies himself to act as a Director for any reason except inadvertent breach of Section 283 of the Companies Act, 1956, or becomes insolvent, makes any composition or arrangement with his creditors or ceases to be a Director of the Company.
13. Either party shall be entitled to terminate the Agreement at any time by giving to the other not less than 90 days' notice in writing.
14. All Notices shall be in writing and shall be sent to the Company's Registered Office and to the last known residential address of Mr. Raorani.
15. This Agreement with Mr. Raorani shall be the entire Agreement between the parties and shall supersede and cancel all prior arrangements, agreements, understandings, oral or written, on the subject matter.

Your Directors consider the aforesaid remuneration to be commensurate with the duties and responsibilities of Mr. Raorani as a Wholtime Director.

The Board recommends the Resolution for the approval of the members.

None of the Directors of the Company except Mr. Raorani is concerned or interested in the said Resolution.

Explanatory Statement together with the accompanying notice can be considered as an abstract of the terms under section 302 of the Companies Act.

**By Order of the Board of Directors**

Sd/-  
**Nitin Motani**  
Chairman

**Registered Office:**  
C-58, TTC Industrial Area,  
Thane Belapur Road,  
Pawne, Navi Mumbai – 400 705

**Place: Mumbai,**  
**Date : 9<sup>th</sup> August 2008**

ANNUAL REPORT 2007-08

**SKY INDUSTRIES LIMITED****DIRECTORS' REPORT**

The Shareowners,  
Sky Industries Limited,  
Mumbai.

The Directors take pleasure in submitting the 19<sup>th</sup> Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2008.

**FINANCIAL RESULTS AND OPERATIONS:****(Rs in Lacs)**

Particulars	Current Year ended 31.03.2008	Previous Year ended 31.03.2007
Sales and other income	6190	6170
Profit before Depreciation, Interest		
Tax and Appropriation	671	668
Less: Interest	326	291
Depreciation	262	235
Profit / (Loss) before tax	83	142
Provision for Taxation	(12)	(60)
Deferred Taxation	(6)	(14)
Profit / (Loss) after taxation	65	68
Add: Prior Period Adjustments	0	0
Excess provision for tax adjusted	0	0
Balance brought forward	1081	1013
Balance available for Appropriation	1147	1081
Proposed Dividend (for the previous year)	-	-
Dividend Distribution tax	-	-
General Reserve	-	-
Balance retained in Profit and Loss account	1147	1081

**RESULTS OF OPERATIONS**

The turnover during the year was Rs. 6190 Lacs as compared to previous years Rs. 6170 Lacs. The reason for flat growth can be attributed to the pressure on the sales realizations, inspite of increase in volumes.

As in earlier years, the Company focused on increasing the share of the Value Added products. Though the Velvet segment suffered from consistent sales volume, the company has worked out the ways to utilize the surplus capacity prevalent in Velvet division by making the machine suitable to produce hook and loop tape fasteners with help of minor modifications in the technology.

**DIVIDEND**

Due to inadequacy of Profits your Directors do not recommend any dividend for the year under review.

**EXPORTS**

During the year under review the Exports were at Rs. 1846 lacs an increase of 6% over the previous year. The Company has explored few more countries and increased the thrust in the international markets. The past efforts of the Company in penetrating the different markets are paying off now and the growth in the export turnover is visible now.

**INTERNATIONAL BUSINESS / SUBSIDIARY**

Your Directors are pleased to inform that the performance of the subsidiary companies, SKAY INC and SKY HEMMAY PRIVATE LIMITED for the year ended 31<sup>st</sup> March, 2008 was satisfactory.

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of the Directors and the respective Auditors' Report thereon of the subsidiary companies, SKAY INC and SKY HEMMAY PRIVATE LIMITED for the year ended 31<sup>st</sup> March, 2008, is annexed herewith.



## HUMAN RESOURCES

Your Company also reorganised its manpower resources during the year. At present we have 420 (Four Hundred and twenty members) in our family globally and we expect stable growth in same in this financial year. Your company encourages teamwork, along with individual excellence; develop a sense of belonging amongst employees by caring attitude.

## CORPORATE GOVERNANCE

Your Company's philosophy on corporate Governance is attainment of the highest level of transparency, accountability and equity in all spheres of operations, interactions with the shareholders, employees, government and others.

A separate section on Corporate Governance from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as Stipulated under clause 49 of the listing Agreement with the Stock Exchanges, form the part of this Annual Report.

## AUDIT COMMITTEE

The details of the committee are given in the Corporate Governance report.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges is presented as a separate section forming part of this Annual Report.

## DIRECTORS

Mr. Hemendra Thakur and Mr. Mahesh Shirodkar Directors of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. Maikal Raorani's term of appointment as a Wholtime Director expires on 26<sup>th</sup> October 2008. He is eligible and has offered himself for re-appointment on the terms and conditions as stated in the agreement entered into with the Company.

Your Directors recommend the appointment and re-appointment of the aforesaid directors.

Mr. Mahadeo Puranik has expressed his desire to step down from the Board. The Board, acknowledges his contribution towards the services of the Company and accepted his resignation, in the meeting of Board dated 9th August 2008.

## AUDITORS

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Your Directors have therefore proposed to reappoint Kalyaniwalla & Mistry, Chartered Accountants, Statutory Auditor's of the Company holds office until the conclusion of the ensuing Annual General Meeting Auditors of the Company, subject to the approval of the members at the ensuing Annual General Meeting.

The Company has received letters from Kalyaniwalla & Mistry, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

## DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 during the year under review. However, the Company has filed the return under Section 58 of the Companies Act, 1956, as certain loans from shareholders fall under the purview of the aforesaid act.

## EMPLOYEES

There are no employees whose particulars are required to be shown in terms of provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.



**SKY INDUSTRIES LIMITED****CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, your Directors state that:-

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to; material departures, if any.
- 2) 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. As at the end of the financial year and Profit for the year under review.
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act. For safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities.
- 4) The Directors have prepared the accounts for the financial year ended 31st March 2008 on a "going concern" basis.

**TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO IEPF:**

During the year Company has duly transferred unpaid / unclaimed dividend for a financial year 2000-01 to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

**ACKNOWLEDGEMENTS**

The Board wishes to place on the record its sincere appreciation of the effort put in by your company's senior management team, executives and consultants at all levels, with your wishes and trust we endeavor to deliver long term shareholder value.

Your Directors would like to thank all investors, customers, financial institutions, vendors, banks, government authorities, the registrars, share transfer agents, business/alliance and technology partners for the support.

Your Directors thank the government of India and support during the year, and look forward to their continued support in the future.

**Registered Office:**

C-58, TTC Industrial Area,  
Thane Belapur Road,  
Pawne, Navi Mumbai – 400 705

**By Order of the Board of Directors**

Sd/-

**Nitin Motani**  
Chairman

**Place: Mumbai,**

**Date : 9<sup>th</sup> August 2008**

## ANNEXURE 'A' TO DIRECTORS' REPORT

INFORMATION REQUIRED UNDER THE 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 optimizing energy usage.

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

The Company is in process of evaluating various options for conservation of energy, considering flare up in petrochemical and related products.

## (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 energy cost at minimum level.

## (d) Total energy consumption and energy consumption per unit of production:

	Current Year	Previous Year
<b>1. ELECTRICITY</b>		
<b>Purchased Units</b>		
Units	2579731	2572916
Total Amount	Rs. 119.34 Lacs	Rs. 116.00 Lacs
Rate/Unit	Rs. 4.63 per unit	Rs. 4.51 per Unit
<b>2. COAL</b>	Nil	Nil
<b>3. FURNACE OIL</b>		
Units	526471	622101
Total Amount	Rs. 137 Lacs	Rs. 149.30 Lacs
Rate/Unit	Rs. 25.97 per Unit	Rs. 24 per Unit
<b>4. OTHERS</b>	Nil	Nil
Consumption per unit of production		
Standard (if any)	Current Year	Previous Year
Hook and Loop Tape Fasteners (Meter)		
Electricity (unit)/Meter	0.02	0.02
Elastics and Other Tapes (meter)		
Electricity (unit)/meter	0.01	0.01