

BOARD OF DIRECTORS

Mr. Nitin Motani (*Chairman*)
 Mr. Shailesh Shah (*Managing Director*)
 Mr. Shard Shah
 Mr. Saurabh Motani
 Mr. Maikal Raorani
 Mr. Vijay Choraria
 Mr. Narendra Mahajani (*Additional Director* w. e. f. 26th June, 2013)
 Mr. Subramanian Sharma (*Additional Director* w. e. f. 26th June, 2013)

REGISTERED OFFICE

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

AUDITORS

Thanawala & Co
 Chartered Accountants

BANKERS

The Oriental Bank of Commerce
 The Karur Vysya Bank Ltd.
 The South Indian Bank Ltd.
 Kotak Mahindra Bank Ltd.
 The Dombivali Nagari Sahakari Bank Ltd.

REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup (W),
 Mumbai - 400 078.

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of **SKY INDUSTRIES LIMITED** will be held on Friday, the 27th September 2013 at 11.00 a.m. at Abbott Hotels Private Limited, Chandragupt Hall, Sector - 2, Vashi, Navi Mumbai - 400 703 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March 2013 and the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Choraria, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Special Business

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

RESOLVED THAT Mr. Narendra Mahajani, who was appointed as an Additional Director of the Company by the Board of Directors on 26th June, 2013 and who ceases to hold office under section 260 of the Companies Act, 1956 at the forthcoming Annual General Meeting, and pursuant to section 257 of the Companies Act, 1956, 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 a Director of the Company, liable to retirement by rotation.

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

RESOLVED THAT Mr. Subramanian Sharma, who was appointed as an Additional Director of the Company by the Board of Directors on 26th June, 2013 and who ceases to hold office under section 260 of the Companies Act, 1956 at the forthcoming Annual General Meeting, and pursuant to section 257 of the Companies Act, 1956, 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 a Director of the Company, liable to retirement by rotation.

6. To consider and if thought fit to pass with or without modification, the following resolutions as a **Special Resolution**:

“RESOLVED THAT pursuant to section 257 of the Companies Act, 1956 the company has received a notice in writing proposing Mr. Vaibhav Desai's candidature for the office of Director and he be and is hereby appointed as a Director of the Company.

FURTHER 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 appoint Mr. Vaibhav Desai as a Wholetime Director of the Company for a period commencing from 1st October, 2013 to 30th September, 2014 (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 mentioned in the Explanatory Statement and authorised the Board of Directors of the Company or the Committee to revise the terms of appointment and/or vary the remuneration and perquisites payable to him within the limits as provided for in the Act / Rules made there under.

AND 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

Place: Mumbai,
Date : 14th August 2013

NOTES:

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place and the proxy need not be a member of the Company.
- b) Proxies in order to be effective must be lodged with the Company not less than 48 hours before the time of the meeting.
- c) Members are requested to :
 - immediately intimate change of address, if any, to the Company or the Registrar and Share Transfer Agent, Link Intime Pvt. Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 quoting reference of their folio number;
 - produce the Attendance Slip duly filled in for attending the Meeting;
 - bring copy of the Annual Report to the venue of the Meeting; and
 - write to the Company at least 7 days in advance of the Annual General Meeting for any information about accounts.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 25th Sep 2013 to 27th Sep, 2013 (both days inclusive).
- e) Pursuant to Section 205A of the Companies Act, 1956 any dividend remaining unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. No claims shall lie against the Fund or the Company thereafter. All the shareholders who have not encashed the dividend warrants for any year for which the dividend was declared are requested to encash the same.
- f) All the documents referred to in the Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during office hours on all working days, between 11.00 a.m. and 1.00 p.m., upto the date of Annual General Meeting.

Profile of the Directors liable to retire by rotation:

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed / reappointed are given below.

Name: **Mr. Vijay K. Choraria**

Date of Birth: 10th August 1964

Qualification: CA, BGL

Directorship: Mr. Vijay K Choraria is a director in several reputed Companies.

Expertise: A Chartered Accountant and Bachelor in General Law by qualification, Mr. Vijay Choraria has over 25 years of experience and has been actively involved in the real estate and financial markets. He is on the board of several reputed companies.

Name: **Mr. Narendra Mahajani**

Date of Birth: 3rd August 1968

Qualification: B.Com; FCA; FICWA.

Directorship: Mr. Narendra Mahajani is a Director in several Reputed Companies.

Expertise: A Chartered Accountant and a Cost Accountant by qualification, Mr. Narendra Mahajani has over 20 years of rich experience and has been actively involved in the field of finance and Treasury. He is on the field of several reputed companies.

Name: **Mr. Subramanian Sharma**

Date of Birth: 30th January 1966

Qualification: B.Com; ACA.

Directorship: Mr. Subramanian Sharma is a director in several reputed companies.

Expertise: A Chartered Accountant by degree, Mr. Sharma brings to the table two decades of solid experience in a number of fields. Be they matters related to corporate finance or management of documentary credits or even those associated with international trade finance, his expertise has earned him an outstanding name in business.

Name: **Mr. Vaibhav Jay Desai**

Date of Birth: 22nd December 1971

Qualification: B.E(Mech); DBM; DIM.

Directorship: Mr. Vaibhav Desai is not a director in any other company.

Expertise: An Engineer and a Diploma Holder in Business and industrial Management, Mr. Vaibhav Desai has rich and vast experience of around 22 years in Manufacture of man made Textile Products and Narrow woven products.

EXPLANATORY STATEMENT PURSUANT TO SUB SECTION (2) OF SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE ANNUAL GENERAL MEETING

Item No. 4

Mr. Narendra Mahajani was appointed as an Additional Director of the Company on 26h June 2013 by the Board of Directors of the Company and as an Independent Director of the Company. According to the provision of Section 260 of the Companies Act, 1956, he holds office as Director only up to date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Narendra Mahajani as a Director along with a deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the directors are concerned or interested in the above said resolution, except, as a member of the Company.

Item No. 5

Mr. Subramanian Sharma was appointed as an Additional Director of the Company on 26h June 2013 by the Board of Directors of the Company and as an Independent Director of the Company. According to the provision of Section 260 of the Companies Act, 1956, he holds office as Director only up to date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Subramanian Sharma as a Director along with a deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the directors are concerned or interested in the above said resolution, except, as a member of the Company.

Item No. 6

Mr. Vaibhav Jay Desai aged 42, B.E (Mechanical Engineering), DBM, DIM, has rich and vast experience of around 22 years in Manufacture of Textile Products.

The main terms of his appointment as a Wholetime Director of the Company are given below.

1. Designation : Wholetime Director;
2. Period: commencing from 1st October 2013 to 30th September 2014, (both days inclusive).
3. Salary & Perquisites : 75,000/- per month

Mr. Desai 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.

Mr. Desai 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. Management of the whole or substantially the whole of the affairs of the Company will not vest in Mr. Desai.

Mr. Desai shall devote his whole time, attention and abilities during business hours to the business of the company and undertake travelling in India and abroad for the same.

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 Provident Fund, the Superannuation fund to the extent these either singly or put together, gratuity payable as per 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.

Mr. Desai shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Mr. Desai shall be entitled to reimbursements of all actual expenses, including on entertainment and travelling, incurred in the course of company's business.

In case of death of Mr. Desai during the course of his employment, the company will pay to his legal personal representatives, salary and other emoluments payable hereunder for the then current month.

Mr. Desai 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.

Mr. Desai 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.

Mr. Desai 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.

Mr. Desai'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.

Either party shall be entitled to terminate the agreement at any time by giving the other party not less than 90 days notice in writing in that behalf provided that the company shall be entitled to terminate the agreement by giving three months salary in lieu of such notice.

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. Desai.

This agreement with Mr. Desai 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. Desai as a whole time director.

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

None of the Directors of the company except Mr. Desai is concerned or interested in the said Resolution.

Explanatory statement with the accompanying Notice can be considered as an abstract of the terms under section 302 of the Companies Act, 1956.

By Order of the Board of Directors

Sd/-

Nitin Motani
Chairman

Place: Mumbai,

Date : 14th Aug 2013

DIRECTORS' REPORT

**The Members,
Sky Industries Limited,
Mumbai**

The Directors take pleasure in submitting the 24th Annual Report and Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS AND OPERATIONS:

(Rs in Lacs)

Particulars	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Sales and other income	6117	8162
Profit before Depreciation, Interest		
Tax and Appropriation	336	(32)
Less: Interest	288	318
Depreciation	145	194
Profit / (Loss) before tax	(97)	(544)
Exceptional item	35	-
Provision for Taxation	28	72
Profit / (Loss) after taxation	(34)	(472)

RESULTS OF OPERATIONS

The turnover during the year was Rs.6117 Lacs as compared to previous years Rs. 8162 Lacs, a reduction of about 25%. The Company faced external pressures as well as managed to overcome a mini crisis in form of labour unrest at its Vashi plant.

DIVIDEND

Owing to inadequate profits, the Directors have not recommended any dividend in the year under review.

EXPORTS

During the year under review the Exports were at Rs. 1031 lacs, a drop from Rs. 1406 lacs in the previous year. The drop was mainly on account of conscious decision to avoid the risky European markets, which were largely instrumental in getting higher export orders in the previous year.

INTERNATIONAL BUSINESS / SUBSIDIARY

Your Directors are pleased to inform that the performance of the subsidiary company, SKAY INC for the year ended 31st March, 2013 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 company, SKAY INC for the year ended 31st March, 2013, is annexed herewith.

HUMAN RESOURCES

At present we have 214 (Two Hundred and fourteen members) in our family globally and we expect stable growth in the 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

A separate section on Corporate Governance forming part of the Director's report and the certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing agreement with the Stock Exchanges is included in this 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. Vijay Choraria, Director of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

Mr. Maikal Raorani's term of appointment as a Wholetime Director expires on 30th Sep 2013. He has expressed his inability to continue as the director and also Whole time Director of the company.

The Board has received a Notice u/s 257 of the Companies Act 1956 proposing Mr. Vaibhav Desai as the Director of the company with effect from 1st October 2013. The Board considered the same and taking into account Mr. Vaibhav Desai's expertise, experience and also association with the company, recommended him to be appointed as a Whole time Director of the company subject to the approval of the Members. The Remuneration Committee also approved the Terms & Conditions of his appointment which are part of the Explanatory Statement to the Notice of the AGM.

We are pleased to inform the members that we have inducted two experienced professionals as Independent directors in our Board with effect from 26th June 2013. They are Mr. Narendra P. Mahajani and Mr. Subramanian H. Sharma. Their appointment has to be confirmed by the members in the annual general meeting of your Company.

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

AUDITORS

M/s Thanawala & Co., Chartered Accountants, Mumbai, the current statutory auditors of the company, being eligible, have expressed their willingness to serve as Statutory Auditors of company. The Company has received a certificate under Section 224 (1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits as specified in that section.

You are requested to consider their re-appointment.

AUDITOR'S REPORT

The Auditors have made certain qualifications in their report. The same are being addressed as below:

Remark: "The Company has not provided for diminution in the value of investments in its subsidiary of Rs. 35,60,515/- as at the year end as required by paragraph 19 of Accounting Standard (AS) 13 Accounting for Investments issued by the Institute of Chartered Accountants of India. This has resulted in understatement of loss for the current year and overstatement of Reserves by Rs. 35,60,515/-"

Response : The aforesaid investment pertain to the subsidiary M/s Skay Inc, based in USA. Owing to difficult global conditions, the subsidiary has made losses, and pursuant to the As 13, the provision of the same needs to be made. The Company's investment is from a long term horizon, the view that with improvement in global sentiments, the subsidiary Company is expected to be back in black, and hence impact of diminution in value of subsidiary has not been made.

Remark: "The Company has accepted deposits from shareholders without issue of advertisements and at an interest rate higher than the prescribed limits. The company has not maintained adequate liquid assets. Hence the company has contravened the provisions of Sec.58A, 58 AA of the Companies Act, 1956 and rules framed there under"

Response: Acceptance of deposit from a shareholder is permitted under the Company's Act, however, since Sky is a listed Company, as far as compliance is concerned, we need to publish an advertisement prior to calling of the deposit from the shareholder. Another point is that we have accepted the deposit higher than the permissive rate of 15 % as practically in a higher

interest scenario it is difficult to borrow at lower rates, and again the impact of same is not significant. We are paying close to 15.50% 15.75% even on our Cash Credit facility enjoyed with our bankers.

Remark : The Company has not maintained cost records as prescribed by the Central Government under Sec 209(1) (d) of the Companies Act 1956, in respect of its products/activities”

Response: Due to part operations at our factory units and one of the unit at Vashi going through labour unrest, the company did not appoint The Cost Accountants' as prescribed by the Central Government. The same has been initiated and the process of appointment shall be complied with shortly.

The Notes on Accounts referred to in the auditors 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

The Company has no employee drawing remuneration in excess of limits specified under Section 217(2A) of the Companies Act, 1956.

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

The Directors confirm:

- that in preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they 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 / (Loss) of the Company for the year;
- that they 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;
- that they have prepared the annual accounts on a going concern basis.

DE-LISTING OF SHARES

The Company had applied for Voluntary Delisting of Shares from the Non-Regional Stock Exchanges viz. The Stock Exchange Ahmedabad, The Calcutta Stock Association Limited, The Jaipur Stock Exchange Limited.

The Stock Exchange, Ahmedabad vide their letter dated 31st March, 2004 have De-listed the Company's securities from their Stock Exchange. The approval from other Stock Exchanges are awaited.

ACKNOWLEDGEMENTS

Your Directors wish to thank all our customers, vendors, investors and bankers for their unstinted support. Above all, we wish to place on record our appreciation for the contribution made by all the employees of the Company, whose hard work and dedication has made possible the progress and growth of our Company.

For and on behalf of the Board

Sd/-
Nitin K. Motani
Chairman

Date : 14th August 2013
Place : Mumbai

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 does not have 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 energy cost at minimum level.
- (d) Total energy consumption and energy consumption per unit of production:

ELECTRICITY	CURRENT YEAR	PREVIOUS YEAR
Units	787243	2815044
Total Amount	Rs. 66.32 lacs	Rs. 151.07 lacs
Rate/Unit	Rs. 8.42	Rs. 5.37
COAL	NIL	NIL
FURNACE OIL		
Units	224676	342265
Amount	Rs. 111.45 lacs	Rs. 146.75 lacs
Rate/Unit	Rs. 49.60	Rs. 42.87
OTHERS	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

**B. Technology Absorption :
Research and Development**

1. Specific areas in which R & D carried out by the company:
 - The Company introduced various measures for upgrading its core machinery.
2. Benefits derived as a result of the above R & D:
 - Reduction in wastage and increase in production.
3. Further plan of action:
 - The Company plans to introduce various measures to help improve the production and reduce wastage further.
4. Expenditure on R & D:
The above measures didn't entail substantial expenditure on R & D.

Technology absorption, adaptation and innovation:

1. Effort, in brief, made towards technology absorption and innovation:
 - Developing various product lines with the present technology.
 - Overall efforts for reducing the manufacturing cost.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development import substitution etc.:
 - Upgrading products constantly with additional features.
 - Reduction in manufacturing cost through improvement in productivity and thereby offset general cost escalation in inputs.
3. Information about imported technology:
 - Not applicable.

C. Foreign Exchange Earning and Outgo:

The Exchange Earning: Rs. 1031.00 lacs

The Exchange outgo: Rs. 2145.12 lacs

CORPORATE GOVERNANCE REPORT 2012-13

The Company is a listed company on Bombay Stock Exchange Limited. The report on Corporate Governance as per Clause 49 of the Listing Agreement is given hereunder:

1. Company's Philosophy on Code of Governance

Company's philosophy on Code of Governance as adopted by its board of directors is as under:

- To maintain the highest standards of transparency in all aspects of our interactions and dealings.
- To ensure the core values of the Company are protected.
- To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- To ensure that the Board exercises its fiduciary responsibilities towards Shareholders and Creditors.
- To Comply with all the laws and regulations as applicable to the Company
- To promote the interest of all stakeholders including Customers, Shareholders, employees, lenders, Vendors and the Community.

2. Board of Directors

The Board of Directors along with its committees provides leadership and vision to the management and supervises the functioning of the company. The composition of the Board is governed by the Listing agreement executed with the Bombay Stock Exchange Limited, the Companies Act, 1956 and the provisions of the Articles of Association of the Company. The Board presently comprises of Eight Directors out of which three are Non-Executive Directors. The Managing Director is responsible for conduct of the business and day to day affairs of the Company.

None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies. Also none of the Directors on board hold the office of Director in more than 15 companies.

The requisite information as enumerated in Annexure IA to Clause 49 of the listing agreement is being made available to the Board for discussion and their consideration. The maximum time gap between two Board meetings did not exceed 4 months.

The composition of the Board, attendance at Board meetings held during the year under review, number of Directorships, memberships and their shareholding in the company is given below:

Composition of Board of Directors

Sr. No.	Name of Director	PD/ED/NED/ID*	Attendance in Board Meetings		Attendance in Last AGM	Other Board		
			Held	Attended		Directorship **	Committee Chairmanship ***	Committee Membership
1.	Mr. Nitin K. Motani Chairman	PD-ED	6	6	Present	No	No	No
2.	Mr. Shailesh S. Shah Managing Director	PD-ED	6	6	Present	No	No	No
3.	Mr. Saurabh K. Motani	PD-ED	6	6	Present	No	No	No
4.	Mr. Sharad S. Shah	PD-ED	6	6	Present	No	No	No
5.	Mr. Maikal Raorani	ED	6	6	Present	No	No	3
6.	Mr. Vijay Choraria	NED-ID	6	6	Present	9	2	4
7.	Mahesh Shirodkar	NED-ID	6	0	Absent	None	2	3
8.	Narendra Mahajani	NED-ID	#	-	NA	2	-	-
9.	Subramaniam H Sharma	NED-ID	#	-	NA	-	-	-

* PD Promoter Director, ED-Executive Director, NED- Non Executive Director, ID-Independent Director

** In Indian Public Limited Companies as on 31st March, 2013

*** In Audit and Shareholders Grievances Committee of Indian Public Limited Companies as on 31st March, 2013.

@ Leave of absence has been granted to the directors for the Board Meetings not attended by them.

These Directors were inducted into the Board on 26th June 2013.

Mr. Mahesh Shirodkar resigned from the directorship w.e.f 31st July 2012.

Mr. Maikal Raorani's term ends on 30th September 2013.

Details of Board Meetings Held during the Year

Date of Board Meeting	30 May	26 Jun	14 Aug	16 Nov	26 Nov	14 Feb
Board Strength	7	7	6	6	6	6
No. of Directors Present	6	6	6	6	6	6

Availability of information to the members of the Board:

The Board has unfettered and complete access to any information within the Company, and to any employee of the Company.

The information regularly supplied to the Board includes:

- Annual operating plans, budgets and updates.
- Capital budgets and updates.
- Quarterly results for the company and its operating divisions. Minutes of meetings of audit committee and other committees of the board. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand and prosecution notices which are materially important. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems. Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Materially significant related party disclosures:

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, subsidiary or relatives except for those disclosed in the financial statements for the year ended March 31, 2013.

Board Committees

Currently, the Board functions through Sub-committees namely, Audit Committee, Remuneration Committee, and the Shareholders' Committee.

The Board functions either as a full Board or through Committees. The names of the Sub-committees along with the details of the meetings conducted are given below:

3. Audit Committee:

Pursuant to the provision of the companies act, 1956 and the Listing Agreement, an Audit Committee was formed and the Composition of the Audit Committee is as under:

Sr. No.	Name of Members	Attendance in Audit Committee Meetings	
		Held	Attended
1.	Mr. Vijay Choraria (Chairman Independent Director)	6	6
2.	Mr. Mahesh Shirodkar (Member Independent Director)	6	2
3.	Mr. Maikal Raorani (Member)	6	6

Terms of References of Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management

- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors on any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal 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.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. 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.
12. Review the following information,
 1. Management discussion and analysis of financial condition and results of operations;
 2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 4. Internal audit reports relating to internal control weaknesses
13. In addition to the above, all items listed in Clause 49 (II)(D) of the Listing Agreement.
The Audit Committee has the following powers:
 - To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary.

Remuneration Policy

The remuneration policy approved by the Board of Directors, *inter alia*, provides for the following:

Executive Directors

- Salary & Commission
- No Sitting Fee

Non-executive Directors

- Sitting Fee

During the financial year 2012-13 remuneration paid to the Executive Directors are as under

Name of Director	Amount (INR)
Mr. Nitin K. Motani	1980000/-
Mr. Shailesh S. Shah	2340000/-
Mr. Saurabh K. Motani	1860000/-
Mr. Sharad S. Shah	2340000/-
Mr. Maikal Raorani	1050000/-

Notes:

- 1) The Company has not entered into any pecuniary relationship or transaction with the Non-executive directors.
- 2) The Company has not so far issued any stock options to any of the directors.

5. Shareholders' Committees

The Committee, *inter alia* approves issue of duplicate certificates, oversees and reviews all matters connected with transfer of shares of the Company. The Committee also looks into redressal of investor complaints related to transfer of shares, non receipt of dividend and annual accounts etc. The Committee oversees the performance of the Registrar and Transfer agents of the Company. The Committee also monitors the implementation and compliance of the Company's code of Conduct for Prohibition of Insider trading in pursuance of the SEBI (Prohibition of Insider Trading) Regulations 1992.

The Committee consists of

Mr. Vijay Chordia - Chairman
Mr. Maikal Raorani - Member

Name and Designation of Compliance Officer:

Mr. Maikal Raorani Whole-time Director

Number of Shareholders' Complaints Received during the year : 6
Number of Complaints solved to the satisfaction of Shareholders : 6
Number of Complaints pending : Nil

6. General Body Meetings

a) Location and time of Company's three most recent AGM's

	2009-10	2010-11	2011-12
Date	29.09.2010	29.09.2011	20.12.2012
Time	11.00 A.M	11.00 A.M.	11.00 A.M.
Venue	Registered Office	Registered Office	Registered Office

7. Disclosures

Related Party Transactions

During the financial year 2012-13 the Company has not entered into any transactions of material nature with its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The Company has Declarations that have been received from the senior management personnel to this effect. The disclosure in respect of related party transactions is provided in Notes to Accounts.

Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges/SEBI/ and Statutory Authority on all matters related to capital markets. No penalties or strictures have been imposed on the Company by these authorities.

The status of compliance with Non-mandatory requirements is as under:

- During the financial year 2012-13, there are certain audit qualifications in the Company's financial statements, however, which are more of procedural in nature.
 - The Company has applied to the Central Government for renewal of their permission for transactions with related parties. The permission is awaited.
- The Company has recruited Independent / Non-executive Directors on the Board of the Company and it is now compliant with the requirements of the Clause 49 of the listing agreement.

Risk Management Framework

Sky Industries Limited has a formal Risk Management (RM) framework, which has grown and refined over a period of time as the businesses are becoming more complex and increasingly facing various challenges across the globe.

The Company has put in place a risk management framework in line with its vision, mission and business strategy.

The Company's Risk Management framework is based on a 'risk intelligence' map, taking into account key focus areas of risk identification and mitigation. The areas of risk are further 'drilled down' to its component parts, risks and mitigation measures identified; responsibilities are then allocated to respective department and functional heads, who monitor risk mitigation measures and calculate residual risk. The methodology links mission, objectives and risk management, and implements the following steps:

- Understand Mission, Vision, Corporate Objectives
- Understand organisation structure and key management team
- Work with key business line leaders to understand business line objectives, divisional objectives and business plans
- Understand link between corporate objectives and business unit objectives
- Review currently identify risks and identify gaps and linkages between business risks and process risks

8. Means of Communication:

The quarterly, half-yearly and yearly financial results, of the Company, are sent to the Stock Exchanges, immediately after they are approved by the Board. These are widely published in Free Press Journal and Navshakti (Marathi edition). The results of the Company are displayed on the Website also.

Management Discussion & Analysis is separately given and forms part of the report.

9. General Shareholder information:

a. Annual General Meeting

Date : 27th September 2013

Time : 11.00 A. M.

Venue : Abbott Hotels Private Limited. Chandragupt Hall, Sector - 2, Vashi, Navi Mumbai - 400 703

b. Financial Calendar 2013-2014

First quarter results	:: By mid August, 2013
Second quarter results	:: By mid November, 2013
Third quarter results	:: By mid February, 2014
Annual results for the year ending on 31st March, 2014	:: By end of May, 2014

c. Book Closure

The Register of Members and Transfer Registers of the Company will remain closed from 25th September, 2013 to 27th September, 2013 (both days inclusive).

d. Listing on Stock Exchanges

The Shares of the Company are listed with the Stock Exchange, Mumbai, (BSE), The Calcutta Stock Exchange Association Limited, The Jaipur Stock Exchange Limited.

The Company had applied and is awaiting approval for de-listing of its shares from The Calcutta Stock Exchange Association Limited and The Jaipur Stock Exchange Limited. The Company has paid the listing fees to the Stock Exchange, Mumbai.

Stock Code - 526479

Demat - ISIN Number for NSDL & CDSL : INE 765B01018

e. Stock Market Data: High, Low during each month in last financial year (BSE)

Details of High/Low during each month in the financial year 2012-2013:

The Stock Exchange, Mumbai

Year	Month	Stock Price (Rupees)		Volumes	Nos. of Shares
		Highest	Lowest		
2012	April	25.55	21.65		9528
2012	May	23.85	17.90		26131
2012	June	22.60	18.10		14408
2012	July	21.80	17.90		9569
2012	August	22.05	18.10		13761
2012	September	19.95	16.20		18408
2012	October	22.70	18.55		13174
2012	November	25.00	21.15		501
2012	December	22.85	17.25		9309
2013	January	21.90	16.65		8356
2013	February	19.45	17.80		1995
2013	March	18.95	12.45		5748

Registrar and Transfer Agents Link Intime (India) Pvt. Ltd (formerly known as Intime Spectrum Registry Ltd.) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai 400 078. , Phone : 2596 3838 e-mail : isrl@intimespectrum.com.

Share Transfer System: Link Intime (India) Pvt. Ltd. handles the investor services for Sky Industries Limited. The Company's equity shares are compulsorily traded in dematerialized form as per the SEBI guidelines. In all **3640490** equity shares of Rs.10/- each were dematerialized as on 31st March, 2013 constituting **91.55 %** of the paid-up capital of the Company.

Physical share transfers are registered and returned within a period of typically, 10-15 days from the date of receipt, if the documents are correct and valid in all respects. A letter is sent to the shareholder giving him an option to receive shares in the physical mode or in the dematerialized mode. A period of 30 days is given to the shareholder for sending his intimation. The shareholder then receives the shares in the form he exercises his option for.

Distribution of Shareholding as on 31st March, 2013

A. Category wise:

Sr. No.	Category	No. of Shares held	%
1	CORPORATE BODIES (PROMOTER CO)	1310147	32.95%
2	CLEARING MEMBER	89489	2.25%
3	OTHER BODIES CORPORATE	182965	4.60%
4	DIRECTORS	271152	6.82%
5	NON RESIDENT INDIANS	163682	4.12%
6	NON RESIDENT INDIANS(NON REPATRIABLE)	10800	0.27%
7	PUBLIC	1791165	45.04%
8	PROMOTERS	157000	3.95%
	TOTAL	3976400	100.00%

B. Shareholding wise:

Shareholding of Shares	Nos. of Shareholders	% Age Total	Shares	% Age of Total
1 - 500	1764	79.96%	308893	7.77%
501 - 1000	178	8.07%	146373	3.68%
1001 - 2000	114	5.17%	173780	4.37%
2001 - 3000	31	1.41%	81904	2.06%
3001 - 4000	23	1.04%	81961	2.06%
4001 - 5000	13	0.59%	59193	1.49%
5001 - 10000	33	1.49%	256683	6.45%
10001 And above	50	2.27%	2867613	72.12%
Total	2206	100%	3976400	100%

C. Top Ten Shareholders as on 31st March, 2013

Sr. No	Name(s) of Shareholders	Shares	%
1.	SKAY FINVEST PRIVATE LIMITED	1310147	32.95
2.	KAILASHMATI SURYAKANT SHAH	157000	3.95
3.	BIMAL KUMAR CHORARIA	102631	2.58
4.	NITIN K MOTANI	82529	2.08
5.	SHAILESH S SHAH	74783	1.88
6.	ANIL KUMAR JANARDHAN GOKHALE	67100	1.68
7.	SHARAD S SHAH	60570	1.52
8.	INDIANIVESH SECURITIES PRIVATE LTD	55000	1.38
9.	SAURABH K MOTANI	53270	1.34
10.	PANKAJ KHIMJI NARAM	49500	1.24

f. Special Resolutions passed in the last three Annual General Meetings:-

In the twenty first Annual General Meeting regarding the enhancement of Managerial Remuneration for the Directors, namely Shri Nitin Motani, Shri Shailesh Shah, Shri Sharad Shah and Shri Saurabh Motani.

In the twenty second Annual general Meeting regarding the re-appointment of director Mr. Maikal Raorani.

In the twenty third Annual General Meeting regarding the re-appointment of Directors Mr. Maikal Raorani, Mr. Nitin Motani, Mr. Shailesh Shah, Mr. Sharad Shah and Mr. Sourabh Motani.

i. Address for correspondence

C-58, TTC Industrial Area, Thane Belapur Road, Pawane Navi Mumbai 400 705
e-mail : sales@skgroup.com

j. Plant Locations:

- C-58, C - 57/1,2 TTC Industrial Area, Thane Belapur Road, Pawane Navi Mumbai 705.
- A-12, First Floor, Unit No:112-122, Harihar Complex, Mankoli Naka, Bhiwandi, Dist Thane.
- 242, Surat Special Economic Zone, Diamond Indl Park, Road No. 3, GIDC, Sachin, Surat, 394238
- Plot No 748/1, 40 Shed Area, GIDC, Vapi, Gujarat.
- Plot No 2910, GIDC, IVth Phase, Vapi, Gujarat.
- Plot No. 517, Road No 5, GIDC, Sachin, Surat.
- Plot No. 6310, GIDC, Sachin, Surat.
- Plot No. 5521, GIDC, Sachin, Surat.

SKY INDUSTRIES LIMITED

Category code (I)	Category of shareholder (II)	No. of share- holders (III)	Total No. of shares (IV)	No. of shares held in demater- ialized form (V)	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C) (VII)	No. of shares	As a % (IX) = (VIII/IV) *100
(A)	Shareholding of Promoter and Promoter Group							
-1	Indian							
(a)	Individuals/ Hindu Undivided Family	6	428152	428152	10.77	10.77		-
(b)	Central Government/ State Government(s)				-	-		-
(c)	Bodies Corporate	1	1310147	1310147	32.95	32.95	923500	70.48
(d)	Financial Institutions/ Banks				-	-		
(e)	Any Other (specify)				-	-		-
	Sub-Total (A)(1)	7	1,738,299	1,738,299	43.72	43.72	923500	53.12
-2	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-		-
(b)	Bodies Corporate	-	-	-	-	-		-
(c)	Institutions	-	-	-	-	-		-
(d)	Any Other (specify)	-	-	-	-	-		-
	Sub-Total (A)(2)	-	-	-	-	-		-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	1,738,299	1,738,299	43.72	43.72	923500	53.12
(B)	Public shareholding							
-1	Institutions							
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Insurance Companies	-	-	-	-	-	-	-
(e)	FIIIs	-	-	-	-	-	-	-
(f)	Foreign Venture Capital	-	-	-	-	-	-	-
(g)	Any Other (specify)	-	-	-	-	-	-	-
	1) Foreign Financial Inst.	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
-2	Non-institutions							
(a)	Bodies Corporate	67	182965	178165	4.60	4.60	-	-
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	2059	995762	774062	25.04	25.04	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	33	795403	780403	20.00	20.00	-	-
(c)	Any Other (Specify)							
	1. Clearing Member	19	89489	89489	2.25	2.25	-	-
	2.Trust	-	-	-	-	-	-	-
	3. NRIs	18	163682	69272	4.11	4.11	-	-
	4. NRN	3	10800	10800	0.27	0.27	-	-
	5. Foreign Company	-	-	-	-	-	-	-
	Sub-Total (B)(2)	2199	2238101	1902191	56.28	56.28	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2199	2238101	1902191	56.28	56.28	-	-
	TOTAL (A)+(B)	2206	3976400	3640490	100.00	100.00	923500	23.22
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	2206	3976400	3640490	100.00	100.00	923500	23.22

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development:

SKY INDUSTRIES LIMITED is a dominant player in the Narrow Woven fabric industry in India. Its presence is felt in various product categories viz Hook & Loop Tape Fasteners, Elastic Tapes, etc. Traditionally, this industry is an accessory supplier to major industries like Textiles, Leather, Footwear etc.

The Company is a leader in the premium category of the Hook and Loop Tape Fasteners and caters to over 70% of the domestic demand.

The Company which entered recently in to manufacture of Carpet Yarn had sold in the current year yarns worth Rs.980 lakhs.

Opportunity and Threats:

The Company's strength is built around the robust domestic and international marketing network. The Company has a network of 5 marketing offices in India. It has over 800 Corporate customers and over 50 channel partners as a part of its domestic network. The Corporate Customers are from various industry segments, facilitating the Company to de risk its business.

The Company does face threats from imports and other new emerging players in these product lines. However, they are mitigated partly by the Anti Dumping Duty levied against the imports of sub standard quality goods in the Hook & Loop Tape category. This for the next review period has been changed to fixed rate of duty. This is expected to be more effective.

The Company has also moved up the value chain in the segments like Hook and Loop Tape Fasteners and is focusing on increasing the share of revenues from the value added products.

As in any economy, there is a first mover advantage and the Company has already strengthened its position in the various product lines it is currently in. The Company realizes the possibility of the entry of competition in the product lines that the company is currently present in.

Also there is a possibility of newer fastening applications being developed, which is a threat to the major product of the Company.

Segment Reporting:

The Company has one segment of activity namely "Narrow Woven Fabrics". Hence, Accounting Standard on Segment Reporting (AS - 17) issued by the Institute of Chartered Accountant of India does not apply.

Outlook

With the dismantling of the quota regime, there are new opportunities and avenues available to the Company which is expected to take the Company on the growth trajectory. Overall, the outlook looks positive for the industry as a whole and the Company in particular.

Exports

During the year under review the Exports were at Rs. 1031 lacs, a drop from Rs. 1407 lacs the previous year. The drop was mainly on account of conscious decision to avoid the risky European markets, which were largely instrumental in getting higher export orders in the previous years.

Risks and Concerns

The Company faces various risks which are incidental to the Company's operations in the various product lines viz. Hook and Loop Tape Fasteners and Velvet tapes like new competitor setting up business or expanding of the existing players owing to the market available.

The Company faces various risks which are incidental to the Company's operations. In the various product lines that the Company operates, viz. Hook and Loop Tape Fasteners and Velvet tapes etc, an entry of a new competitor setting up business or expansion of the existing capacity by the existing competing players owing to the availability of the market is a risk as well as a concern.

The concerns amongst others are the frequent rise of all round input costs on account of Raw Materials, Labour and other overheads. The Company cannot pass on these rise in costs to the customers always, is also a main concern. The Company is also facing the highly volatile exchange rate fluctuation. This volatility increases the input costs further. The Company is however working towards passing on such rise in costs arising due to exchange rate fluctuation, to the ultimate customer.

The Company however effectively addresses the above risks and concerns by setting up a robust risk management system.

Internal Control systems and their adequacy

The Company has commensurate internal audit systems in relation to the size of the Company. The Company also has appointed an Internal Auditor M/S Engineer and Mehta, who have been conducting internal audit of the systems that are in operation.

Operations

The turnover during the year was Rs. 6117 Lacs as compared to previous years Rs. 8162 Lacs, a decrease of about 25%. The Company faced several external pressures. It also faced a labour unrest at its Vashi plant, which was effectively overcome by shifting the manufacturing base to a different location. Nevertheless, the Company was able to supply the products and service its customers. This has prevented the Company from encountering a loss of market share.

As in earlier years, the Company focused on increasing the share of the Value Added products.

Human Resources & Industrial Relations:

Your Company continued to have cordial relations with its employees though it is undergoing labour unrest in its Vashi Plant. However, the management had worked out its strategy in such a manner that its production was not affected and the company was able to service its customers and retain its market share. The Company has a team of able and experienced industry professionals in its ranks. As of 31st March, 2013, the total number of employees on the rolls of the Company was 214.

DECLARATION

To
The Members of
Sky Industries Ltd

As provided under the Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board members and the Senior Management Personnel have affirmed compliance with the Code of Conduct.

For **SKY INDUSTRIES LIMITED**

Sd/-
Shailesh S. Shah
(Managing Director)

THE MANAGING DIRECTOR AND THE EXECUTIVE DIRECTOR HAVE GIVEN THEIR CERTIFICATION FOR THE YEAR

Mr. Shailesh Shah, Managing Director's and Mr. Maikal Raorani, Executive Director's certification for the year 2012-13. We hereby certify to the Board that:

We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:

These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.

These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.

We accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the audit committee, efficiencies in the designer operations of the internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the audit committee

- 1) Significant changes in the internal controls during the year
- 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- 3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system.

Sd/-
Shailesh S. Shah
Managing Director

Sd/-
Maikal Raorani
Director

SECRETARIAL COMPLIANCE CERTIFICATE

[U/S 383A OF THE COMPANIES ACT, 1956 & RULE 3 OF THE COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001]

To,

The Members of

M/s. SKY INDUSTRIES LIMITED

Co. No. 052645

I have examined the registers, records, books and papers of M/s. SKY INDUSTRIES LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2013. In my opinion and to best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made hereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government. Company Law Board or other authorities within the time prescribed under the Act and the rules made hereunder.
3. The Company being Public Limited Company has more than the minimum prescribed paid-up capital. During the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 6 times on 30th May 2012, 26th June 2012, 14th Aug 2012, 16th Nov 2012, 26th Nov 2012 and 14th Feb, 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members from 16th December, 2012 to 19th December, 2012 during the financial year.
6. The Annual General Meeting for the financial year ended on 31/3/2012 was held on 20th December, 2012.
7. No Extra Ordinary Meeting was held during the financial year ended 31st March 2013.
8. The provisions of section 295 of the Companies Act, 1956 duly complied by the company.
9. The Company has made applications to the Central Government for obtaining approval for certain transactions falling within the preview of Section 297.
10. The company has made the necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The company has issued duplicate share certificate in accordance with the provisions of the Companies Act, 1956 during the financial year.
13. The Company during the period under review has:
 - Not made allotment of Equity Shares during the financial year in compliance with the provisions of the Companies Act, 1956;
 - Not deposited any amount in separate Bank Accounts as no dividend was declared during the financial year;
 - Not required to post warrants to any member of the company as no dividend was declared during the financial year;
 - The company transferred the amounts in unpaid dividend account and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund; and
 - Duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the company is duly constituted, except for constitution of the same was not as per Clause 49 of the listing agreement.
15. The appointment of Managing Director / Whole-time Director / Manager has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.
16. The company has not appointed any sole-selling agents during the financial year.
17. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
18. The company has not issued any equity shares during the financial year.
19. The company has not bought back any shares during the financial year.
20. The company has not redeemed any preference shares/debentures during the financial year, as the same was not in existence.
21. There was no transaction necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
22. The company has not invited/accepted any deposits including unsecured loans falling within the purview of section 58A during the financial year except from its members, directors and their relatives.
23. The borrowings made during the year are in compliance with the provisions of section 293(1) (d) of the Act.
24. The company has made loans and investments, or has given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act.
25. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
26. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act.
27. The company has not altered the provisions of the memorandum with respect to name of the company.
28. The company has not altered the provisions of the memorandum with respect to Authorized Share Capital of the company during the year under scrutiny.
29. The company has not altered its articles of association with respect to Authorized Share Capital of the company during the year under scrutiny.
30. There was/were no prosecution initiated against or show cause notices received by the company, during the financial year, for offences under the Act.
31. The company has not received any money as security from its employees during the financial year under certification.
32. The company has deposited both employee's and employer's contribution to provident fund with prescribed authorities pursuant to section 418 of the Act.

For Ramesh Chandra Mishra & Associates

Place: Mumbai
Date: 05/08/2013

Sd/-
Ramesh Mishra
Company Secretary in Practice
FCS: 5477; C.P. No. 3987

ANNEXURE A

Registers as maintained by the Company

1. Register of Members with Index	U/s. 150 & 151
2. Share Transfer Register with Index	U/s. 108
3. Register of Directors	U/s. 303
4. Register of Director's Shareholding	U/s. 307
5. Register of Contracts	U/s. 301
6. Register of Investments	U/s. 372A
7. Register of Loans	U/s. 372A
8. Register of Fixed Assets	
9. Register of Charge	U/s. 143
10. Minutes of Board Meeting	U/s. 193
11. Minutes of the AGM/EGM Meeting	U/s. 193

For Ramesh Chandra Mishra & Associates

Place: Mumbai

Date: 05/08/2013

Sd/-

Ramesh Mishra

Company Secretary in Practice

FCS: 5477; C.P. No. 3987

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2013.

S. No.	Form No./ Return	Filed under section	For the Period	Date of Filing	Whether filed within prescribed time yes/no	If delay in filing whether requisite additional fee paid Yes/no.
1.	Annual Return	159	Year ended 31 st March, 2012	21.05.2013	No	Yes
2.	Balance sheet	220	Year ended 31 st March, 2012	06.06.2013	No	Yes
3.	Profit & Loss	220	Year ended 31 st March, 2012	06.06.2013	No	Yes
4.	Form 61	166	Year ended 31 st March, 2012	03.09.2012	Yes	NA
5.	Form 32	303(2), 264(2) or 266(1)(a) and 266(1)(b)(iii)	Year ended 31 st March, 2012	24.08.2012	Yes	NA
6.	Form 24A	297	Year ended 31 st March, 2012	25.03.2013	Yes	NA
7.	Form 67	Rule 20A(3)	Year ended 31 st March, 2012	30.03.2013	Yes	NA
8.	Form 66	383A read with Rule 3(2)	Year ended 31 st March, 2012	24.04.2013	No	Yes

For Ramesh Chandra Mishra & Associates

Place: Mumbai

Date: 05/08/2013

Sd/-

Ramesh Mishra

Company Secretary in Practice

FCS: 5477; C.P. No. 3987

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members,
Sky Industries Limited.

We have examined the compliance of the conditions of Corporate Governance by Sky Industries Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statement of the Company.

Further to the above, we report that:

The Company does not have the required number of non executive directors and independent directors on the Board.

In our opinion, and to the best of our information, and according to the explanations given to us, *subject to above*, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from the Registrar of Share Transfer Agent and as per the records maintained by the Company which are presented to the Shareholders / Investors Grievance Committee, we state that during the year ended March 31, 2013 no Investor Grievances were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

Sd/-
[**V. K. Thanawala**]
Proprietor
Membership No. 15632

Place : Mumbai
Dated : 30/05/2013

INDEPENDENT AUDITOR'S REPORT

To,

Sky Industries Limited

We have audited the accompanying financial statements of SKY INDUSTRIES LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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.

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 misstatement of the financial statements, whether due to fraud or error. In making those risk 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.

The company has not provided for diminution in the value of investments in its subsidiary of Rs. 35,60,515/- as at the year end as required by paragraph 19 of Accounting Standards (AS) 13 Accounting for Investments issued by the Institute of Chartered Accounts of India. This has resulted in understatement of loss for the current year and overstatement of Reserves by Rs. 35,60,515/-.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give 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 above paragraph:**

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
 - b) in the case of the Profit and Loss Account, of the **LOSS** for the year ended on that date;
 - c) in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 **subject to above note** referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

Place : Mumbai
Dated : 30/05/2013

Sd/-
[**V.K. Thanawala**]
Proprietor
Membership No. 15632

Annexure to Independent Auditors Report

Referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

1. In regard to Fixed Assets -

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion the company has not disposed off major part of its Fixed Assets during the year.

2. In regard to inventories -

- (a) The inventories (Excluding stock with 3rd party and material in-transits) have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No major material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

- 3. (a) The Company has not granted any loans, secured, unsecured loans to the companies, firm or other parties covered in the register maintained under section 301 of the Act. Therefore the provision of clause 4(iii)(b),(c) and (d) of the said order are not applicable to the company.
- (b) The Company has taken interest free loans from 4 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The total amount of such loans received and outstanding as of 31st March 2013 is Rs.5,26,73,865/-.
- (c) The terms and conditions on which loans have been taken by the Company are not prejudicial to the interest of the company.
- (d) As no terms of repayment have been specified, we are unable to comment whether the payment of principal is regular in respect of loans taken by the company;

- 4. *In our opinion and according to the information and explanations given to us, the internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories, fixed assets and sale of goods and services need to be strengthened.* During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls

- 5. (a) The transactions made in pursuance of contracts of arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register;
- (b) In our opinion and according to the information and explanations given to us, these transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rupees five lacs in respect of each party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

- 6. *In our opinion and according to the information and explanations given to us, the company has accepted deposits from shareholders without issue of advertisement and at an interest rate higher the prescribed limits. The company has not maintained adequate liquid assets. Hence the company has contravened the provisions of Section 58A, 58AA of the Companies Act, 1956 and the rules framed there under.*

- 7. In our opinion, the internal audit system is not commensurate with the size of the Company and the nature of its business.

- 8. *The company has not maintained cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 in respect of its products / activities.*

- 9 (a) The Company has been generally regular in depositing undisputed dues of Provident Fund, Employees State Insurance, Income Tax, Profession Tax, except CST of Rs.3,32,870/-, Entry Tax of Rs. 49,242/- & Income Tax of Rs. 33,22,504/- outstanding for more than six months, as at 31st March 2013.

(b) Details of dues of Sales Tax, Excise Duty & Service Tax which have not been deposited as on 31st March 2013 on account of disputes are given below

Nature of Dues	Amount in Rs.	Period for which dispute relates	Forum where dispute is pending
Income Tax	114896	Asst year 2009-10	CIT (A)
Gujarat VAT	3208752	2006-07 & 2007-08	Commissioner of Sales Tax
CST	125149	2006-2007	Commissioner of Sales Tax
Cess	3683521	1998-99 & 1999-00	Supreme Court of India

10. The Company does not have accumulated losses at the end of the financial year but it has not incurred cash losses in the current financial year but incurred cash loss in immediately preceding the financial year.
11. 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 repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of Para 4(xiv) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given a guarantee for loan taken by a subsidiary of Rs. 2.5 crore from a bank. The terms and conditions thereof are prima facie not prejudicial to the interest of the company
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made preferential allotment of shares during the year to the parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
Thanawala & Company
Chartered Accountants

Firm Reg. No. 110948W

Place : Mumbai
Dated : 30/05/2013

Sd/-
[**V.K. Thanawala**]
Proprietor

Membership No. 15632

SKY INDUSTRIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in Rs.)

	Note	As At March 31 2013	As At March 31 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	39,764,000	39,764,000
(b) Reserves and surplus	3	103,596,211	107,047,024
		143,360,211	146,811,024
2 Non-current liabilities			
(a) Long-term borrowings	4	38,625,630	58,619,337
(b) Deferred tax liabilities (net)	5	12,841,647	14,191,647
(c) Long-term provisions	6	-	806,426
		51,467,277	73,617,410
3 Current liabilities			
(a) Short-term borrowings	7	186,580,521	163,035,055
(b) Trade payables	8	112,368,501	103,997,752
(c) Other current liabilities	9	60,863,125	77,508,532
(d) Short-term provisions	10	17,274,470	14,580,739
		377,086,617	359,122,078
		571,914,105	579,550,511
B ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
1) Tangible Assets		165,578,490	171,853,213
2) Intangible Assets		1,008,083	1,674,555
3) Capital Work in Progress		1,901,847	4,336,435
4) Assets held for disposal		1,978,886	78,842
		170,467,306	177,943,045
(b) Non-current investments	12	21,709,314	21,709,314
(c) Long-term loans and advances	13	58,265,558	42,668,599
(d) Other non-current assets	14	-	26,000
		250,442,178	242,346,958
2 Current assets			
(a) Inventories	15	150,345,343	184,363,712
(b) Trade receivables	16	108,339,387	91,964,272
(c) Cash and cash equivalents	17	11,385,011	7,594,680
(d) Short-term loans and advances	18	5,829,766	5,281,792
(e) Other current assets	19	45,572,420	47,999,097
		321,471,927	337,203,554
		571,914,105	579,550,511
Significant accounting policies	1		

The accompanying notes (1 to 28) form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors

For and on behalf of

THANAWALA & COMPANY
CHARTERED ACCOUNTANTS
Firm Reg. No. 110948W

Sd/-

VIJAY K THANAWALA
PROPRIETOR
Membership No. 15632

Sd/-

Shailesh Shah
Managing Director

Sd/-

Nitin Motani
Chairman

Place : Mumbai, Dated: May 30, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rs.)

	Note	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from operations	20	611,711,941	816,195,066
II. Other income	21	19,395,069	17,250,237
III. Total Revenue		<u>631,107,010</u>	<u>833,445,303</u>
IV. Expenses:			
Cost of materials consumed	22	329,757,984	508,712,515
Purchases of Stock-in-Trade	23	68,293,302	40,105,211
Changes in Inventories of Finished Good, Work In Progress and Traded Goods	24	24,616,834	(17,130,359)
Employee benefits expense	25	64,974,092	130,741,469
Finance costs	26	28,854,595	31,844,057
Depreciation and amortization Expenses	11	14,503,535	19,435,843
Other expenses	27	109,859,489	174,152,795
V. Total Expenses		<u>640,859,831</u>	<u>887,861,531</u>
VI. Loss before tax		(9,752,821)	(54,416,228)
VII Exceptional Items		3,545,823	-
VIII Tax expense:			
(1) Current tax - For the year		-	(894,307)
- Excess/(Short) Provision of the Previous years		1,406,185	(4,449,014)
(2) Deferred tax		1,350,000	12,510,000
		<u>2,756,185</u>	<u>7,166,679</u>
IX. Profit (Loss) for the period from continuing operations (VI-VII-VIII)		<u><u>(3,450,813)</u></u>	<u><u>(47,249,549)</u></u>
Significant accounting policies	1		

As per our Report of even date

For and on behalf of

THANAWALA & COMPANY
CHARTERED ACCOUNTANTS
Firm Reg. No. 110948W

Sd/-

VIJAY K THANAWALA
PROPRIETOR
Membership No. 15632

Place : Mumbai, Dated: May 30, 2013

For and on behalf of the Board of Directors

Sd/-

Shailesh Shah
Managing Director

Sd/-

Nitin Motani
Chairman

Cash Flow Statement for the Year Ended March 31, 2013

(Amount in Rs.)

	For the year ended 31.03.2013	For the year ended 31.03.2012
A. Cash Flow from Operating Activities:		
Profit before tax and extra ordinary item	(9,752,821)	(54,416,228)
Adjustment for:		
Depreciation	14,503,535	19,435,843
Interest and Finance Charges	28,854,595	31,844,057
Interest income	(828,087)	(619,130)
Dividend	(75,300)	(814,985)
Profit/(Loss) on Sale /Disposal of Fixed Assets	(1,592,049)	2,946,546
	40,862,694	52,792,331
Operating Profit before Working Capital Changes	31,109,873	(1,623,898)
Adjustment for:		
Trade Receivables	(16,375,116)	25,021,428
Other Receivables	(10,146,432)	(695,589)
Inventory	34,018,369	16,058,982
Trade and Other Payable	(6,053,724)	16,660,582
	1,443,098	57,045,403
Cash generated from Operations	32,552,971	55,421,505
Direct Tax paid/net of Refund received	(333,629)	(625,144)
Net Cash Flow from Operating Activities	32,219,342	54,796,361
B. Cash Flow from Investing Activities:		
Acquisition of Fixed Assets	(12,323,948)	(13,647,924)
Proceeds from Sale of Fixed Assets	8,242,816	1,165,927
Decrease/(Increase) in Investments	-	5,000
Dividend	75,300	814,985
Interest income	828,087	619,130
Net Cash used in Investing Activities	(3,177,745)	(11,042,882)
C. Cash Flow from Financing Activities:		
(Decrease)/Increase in Working Capital facility (net)	(62,426)	(22,720,740)
Increase in Vehicle Loans	-	1,894,659
Repayment of Term Loans	(19,993,707)	(13,946,336)
Increase in Unsecured Loans	51,325,000	25,500,000
Repayment of Unsecured Loans	(18,025,000)	(9,100,000)
Interest and Finance Charges Paid	(28,329,161)	(29,588,856)
Payment of Dividend	-	-
Tax on Dividend Paid	-	-
Net Cash (Used)/Generated from Financing Activities	(15,085,293)	(47,961,273)
Net Increase/(Decrease) in Cash and Cash Equivalents	13,956,303	(4,207,793)
Cash and Cash Equivalents as at the beginning of the year	7,594,680	11,802,475
Cash and Cash Equivalents as at the end of the year	11,385,011	7,594,680
Net Increase/(Decrease) in Cash and Cash Equivalents	3,790,331	(4,207,795)

Note : Cash flow statement has been presented under indirect method as prescribed in AS-3.

Figures for the previous year have been regrouped and rearranged wherever considered necessary.

As per our Report of even date

For and on behalf of the Board of Directors

For and on behalf of

THANAWALA & COMPANY
CHARTERED ACCOUNTANTS
Firm Reg. No. 110948W

Sd/-
VIJAY K THANAWALA
PROPRIETOR
Membership No. 15632

Sd/-
Shailesh Shah
Managing Director

Sd/-
Nitin Motani
Chairman

Place : Mumbai, Dated: May 30, 2013

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st March, 2013

1 Significant Accounting Policies-

1.1 Basis for preparation of financial statements

The financial statements have been prepared on historical cost convention and as a going concern and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the Section 211(3C) of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. Estimates and Assumptions used in the preparation of financial statements are based upon the management's evaluation of relevant fact and the circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

1.2 Inventories :

Inventories are valued at cost or net realizable value whichever is lower; cost is ascertained on the following basis :

- a. Raw Material, Packing Material, tools, spares and consumable are valued at cost on plus direct cost incurred to bring the stock to its existing level.
- b. Work in progress are valued at cost of manufacturing based on cost of Raw material and labour and overheads cost up to the relevant stage of completion.
- c. Finished Goods valued at cost or Market price which ever is less.

1.3 Cash and cash equivalents (for purposes of Cash Flow Statement) :

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.4 Events occurring after the date of Balance Sheet :

Material events occurring after the date of Balance Sheet are considered up to the date of approval of the accounts by the board of directors. There are no substantial events having an impact on the results of the current year Balance Sheet.

1.5 Prior Period Items and Changes in Accounting Policies :

No Prior Period items have materially affected this year's financial statements.

1.6 Depreciation :

Depreciation on all tangible assets has been calculated on Straight Line Method (SLM) as per the rates and manner prescribed under Schedule XIV of the Companies Act, 1956.

1.7 Revenue recognition :

Sales are accounted on net of tax, less sales Returns / rejection. Revenue from sale of products is recognized upon passage of title to the customer on acceptance of goods which generally coincides with the dispatch of materials.

Export Incentives receivable are accounted on accrual basis.

Dividend Income is recognized when the right to receive the dividend is unconditional at the Balance Sheet date.

Interest Income is recognized on accrual basis.

1.8 Fixed Asset :

Fixed Assets are accounted at cost of acquisition or construction. Fixed assets are capitalized net of CENVAT / VAT for which credit is taken and includes borrowing cost directly attributable to construction or acquisition of fixed assets, up to the date the asset is ready to use.

1.9 Employee Benefits

The Company makes annual contributions to the Employee's Group Gratuity-cum-life assurance scheme of Life Insurance Corporation of India, a funded, defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on super annuation, death or separation / termination in terms of the provisions of the payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

1.10 Borrowing costs :

Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.11 Related Party Transactions :

The related parties are identified by the management of the Company and relied upon by the Auditors. The related party transactions are reported at their net value (Excluding indirect taxes).

1.12 Taxes on income :

Tax Expenses for the year, comprising Current Tax including Wealth Tax, and is included in determining the net profit for the year. A provision is made for the current tax and based on tax liability computed in accordance with relevant tax rates and tax laws.

1.13 Deferred Tax- Asset/ Liability :

The Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India, has become applicable to the Company. The Deferred Tax is recognized for all timing differences 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 and measured using relevant enacted tax rates. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

1.14 Miscellaneous Expenditure :

Miscellaneous expenditure is written off over a period of future economic benefit available not exceeding five years.

1.15 Foreign Currency Transaction

All transactions in foreign currency are recorded at the rate of exchange prevailing on dates when the relevant transactions take place. In case of payment/realizations against these transactions in the same accounting year the respective expense/income head is debited/credited. In case of transactions where payments/realizations take place in the subsequent years the exchange gains/losses are accounted under exchange rate difference.

1.16 Provisions and contingencies :

The company recognizes provisions when there is a present legal or constructive obligation as a result of past event that probably require an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

1.17 Capital work in Progress :

The Expenditure which is of Capital nature and the assets for which it is incurred which has not come into existence/put to use during the year is shown under this head.

1.18 Earning Per Shares :

The basic earning per share is computed using the weighted average number of common shares outstanding during the periods. Diluted earning per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

As per our Report of even date
For and on behalf of
THANAWALA & COMPANY
CHARTERED ACCOUNTANTS
Firm Reg. No. 110948W

For, SKY Industries Limited

Sd/-
VIJAY K THANAWALA
PROPRIETOR
Membership No. 15632

Sd/-
Shailesh Shah
Managing Director

Sd/-
Nitin Motani
Chairman

Place : Mumbai, Dated: May 30, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
2 SHARE CAPITAL		
Authorised Capital		
15,000,000 Equity Shares of Rs. 10/- each	150,000,000	150,000,000
500,000 Redeemable Preference Shares of Rs. 100/-each	50,000,000	50,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid Up		
3,976,400 Equity Shares of Rs 10/- each	39,764,000	39,764,000
(Refer Notes 2.1 to 2.3)	<u>39,764,000</u>	<u>39,764,000</u>

2.1 Shareholders holding more than 5% shares in the Company

	<u>As at March 31, 2013</u>		<u>As at March 31, 2012</u>	
Name of Shareholder	No of Equity shares held	% of Holding	No of Equity shares held	% of Holding
SKAY FINVEST PRIVATE LIMITED	1,310,147	32.95%	1,310,147	32.95%
	<u>1,310,147</u>	<u>32.95%</u>	<u>1,310,147</u>	<u>32.95%</u>

2.2 There is no movement in the number of shares outstanding during the year ended March 31, 2013 and year ended March 31, 2012.

2.3 Rights and restrictions attached to the shares

The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at March 31, 2013	As at March 31, 2012
3 RESERVES AND SURPLUS		
a. General Reserve		
As per last balance sheet	8,000,000	8,000,000
	<u>8,000,000</u>	<u>8,000,000</u>
b. Profit and loss Account		
As per last balance sheet	99,047,024	146,296,573
Less : Net Loss for the year	(3,450,813)	(47,249,549)
	<u>95,596,211</u>	<u>99,047,024</u>
	<u><u>103,596,211</u></u>	<u><u>107,047,024</u></u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
4 LONG-TERM BORROWINGS		
SECURED LOANS		
From Banks		
(a) Term loans [Refer Note 4.1, 4.3(a) and 4.3(b)]	33,234,697	51,934,878
(b) Vehicle loans [Refer Note 4.2, 4.3(c) and 4.3(d)]	4,113,775	4,859,030
	<u>37,348,472</u>	<u>56,793,908</u>
From other parties		
Vehicle loan [Refer Note 4.2, 4.3(e)]	1,277,158	1,825,429
	<u>1,277,158</u>	<u>1,825,429</u>
	<u>38,625,630</u>	<u>58,619,337</u>
4.1 Term loans from banks are secured by way of pari passu first charge on land & buildings including all movable assets, plant and machinery, stores and spares, furniture and fixture, both present and future, excluding vehicles, and a second charge on all the current assets of the Company, both present and future, and personal guarantee of Directors.		
4.2 The vehicle loans from banks and other parties are secured by the hypothecation of vehicles purchased under the scheme.		
4.3 Terms of repayment :		
(a) Term Loan from Dombivli Nagari Shakari Bank Ltd		
Corporate Loan - Repayable in 16 months @ Rs. 7.43 lacs	9,873,042	17,294,956
(b) Term Loan from The Karur Vysya Bank Ltd		
Term Loan No. 1 - Repayable in 36 months @ Rs. 8.43 lacs	18,209,340	25,430,882
Term Loan No. 2 - Repayable in 8 months @ Rs. 1.85 lacs	1,623,117	3,436,003
Term Loan No. 3 - Repayable in 15 months @ Rs. 2.45 lacs	3,529,198	5,773,037
(c) Vehicle loans from Dombivli Nagari Shakari Bank Ltd.		
Vehicle Loan No. 1 - Repayable in 28 months @ Rs. 0.41 lacs	1,002,432	1,252,680
Vehicle Loan No. 2 - Repayable in 28 months @ Rs. 0.31 lacs	758,755	894,083
Vehicle Loan No. 3 - Repayable in 27 months @ Rs. 0.11 lacs	277,022	291,315
Vehicle Loan No. 4 - Repayable in 25 months @ Rs. 0.11 lacs	256,354	270,121
Vehicle Loan No. 5 - Repayable in 20 months @ Rs. 0.11 lacs	190,853	200,241
Vehicle Loan No. 6 - Repayable in 13 months @ Rs. 0.11 lacs	127,788	161,297
Vehicle Loan No. 7 - Repayable in 18 months @ Rs. 0.11 lacs	157,773	189,862
Vehicle Loan No. 8 - Repayable in 28 months @ Rs. 0.38 lacs	1,000,588	1,044,364
Vehicle Loan No. 9 - Repayable in 24 months @ Rs. 0.11 lacs	245,020	302,349
(d) Vehicle loans from ICICI Bank Ltd.		
Vehicle Loan No. 1 - Repayable in 7 months @ Rs. 0.14 lacs	97,189	252,718
(e) Vehicle loans from Kotak Mahindra Prime Ltd		
Vehicle Loan No. 1 - Repayable in 28 months @ Rs. 0.55 lacs	1,277,158	1,825,429

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
5 DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
Depreciation on Fixed Assets	28,378,624	28,443,881
	<u>28,378,624</u>	<u>28,443,881</u>
Deferred Tax Asset		
Expenses disallowed under Sec 43B of the Income Tax Act, 1961	3,510,684	2,187,062
Carry forward unabsorbed depreciation	11,159,938	11,159,938
Provision for doubtful debts	866,355	905,235
	<u>15,536,977</u>	<u>14,252,234</u>
Deferred Tax Liability (Net)	<u>12,841,647</u>	<u>14,191,647</u>
6 LONG-TERM PROVISIONS		
Provision for Employee Benefits:		
Leave Encashment (Refer Note 10.1)	-	806,426
	<u>-</u>	<u>806,426</u>
7 SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand From Banks		
Dombivli Nagari Sahakari Bank Ltd - CC	30,185,411	30,488,359
Kotak Mahindra Bank Ltd - CC	16,115,808	25,035,024
Kotak Mahindra Bank Ltd - Letter of Credit	-	15,342,488
Oriental Bank of Commerce - CC	7,551,573	7,613,999
Oriental Bank of Commerce - Packing Credit	9,308,400	8,070,000
The South Indian Bank Ltd - CC	9,719,825	10,015,569
The South Indian Bank Ltd - Letter of Credit	8,215,680	886,189
The Karur Vysya Bank Ltd - CC	30,937,147	39,838,562
The Karur Vysya Bank Ltd - Letter of Credit	21,872,812	6,844,866
	<u>133,906,656</u>	<u>144,135,055</u>
UN-SECURED		
(a) Loans and advances from related parties		
Loan from Directors	5,650,000	5,200,000
Loan from Shareholders	12,859,546	5,000,000
Advances from group companies	-	500,000
	<u>18,509,546</u>	<u>10,700,000</u>
(b) Inter Corporate Deposits		
From Related Party	34,164,319	2,200,000
From Others	-	6,000,000
	<u>34,164,319</u>	<u>8,200,000</u>
	<u>186,580,521</u>	<u>163,035,055</u>

7.1 The cash credit, packing credit and payables for letter of credit is secured by way of pari passu first charge on all immovable properties and by hypothecation of all movable assets, both present and future, excluding vehicles, and a second charge on all the current assets of the Company, both present and future, and personal guarantee of Directors.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
8 TRADE PAYABLES		
Due to Micro and Small Enterprises (Refer note no. 8.1)	-	-
Other than Micro and Small Enterprises	112,368,501	103,997,752
	<u>112,368,501</u>	<u>103,997,752</u>
8.1 The Company has not compiled the relevant information from its suppliers under the Micro, Small, Medium Enterprises Development Act, 2006. As the relevant information is not readily available, no disclosures have been made in the accounts. However, in the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.		
9 OTHER CURRENT LIABILITIES		
Unclaimed dividends	208,149	208,149
STATUTORY LIABILITIES		
Tax deduction payable	1,304,447	1,220,102
Sales Tax Payable	2,590,617	44,671
Provident Fund/Esic/Professional tax payable	367,935	720,356
Excise/Service tax payable	-	9,485
EMPLOYEE LIABILITIES		
Salaries Payable	12,532,728	11,029,916
Bonus Payable	1,811,999	2,184,987
Gratuity Payable (Refer Note 25.1)	5,759,016	5,364,282
Outstanding Liabilities	1,265,941	348,865
Security Deposit received	8,270,000	8,270,000
Advances received from customer	26,547,746	17,162,886
Other Payables	204,548	30,944,832
	<u>60,863,126</u>	<u>77,508,532</u>
10 SHORT-TERM PROVISIONS		
Provision for employee benefits:		
Gratuity	-	114,321
Leave encashment	3,249,400	3,635,095
Others:		
Provision for taxation	14,025,070	10,831,323
	<u>17,274,470</u>	<u>14,580,739</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 11 - FIXED ASSETS

(Amount in Rs.)

	Gross Block			Depreciation					Net Block	
	As at April 1, 2012	Additions during the Year	Deduction	As at March 31, 2013	Upto April 1, 2012	For the year	On Deduction	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Leasehold Land	8,360,860	-	-	8,360,860	1,104,954	102,264	-	1,207,218	7,153,642	7,255,906
Buildings	48,761,048	876,360	-	49,637,408	16,817,697	1,631,260	-	18,448,957	31,188,451	31,943,351
Plant & Machinery	291,785,838	12,980,539	23,572,450	281,193,926	178,701,446	9,341,268	16,415,917	171,626,796	109,567,130	113,084,392
Furniture & Fixtures	5,806,259	280,951	479,038	5,608,172	4,134,467	424,432	439,378	4,119,521	1,488,651	1,671,792
Vehicles	17,807,434	-	-	17,807,434	3,639,716	1,685,496	-	5,325,212	12,482,222	14,167,718
Office Equipment	6,019,957	364,071	-	6,384,028	3,702,259	190,480	-	3,892,739	2,491,289	2,317,698
Computers	6,863,960	206,615	-	7,070,575	5,451,605	411,866	-	5,863,471	1,207,104	1,412,355
Sub-total	385,405,356	14,708,536	24,051,488	376,062,403	213,552,143	13,787,066	16,855,295	210,483,914	165,578,490	171,853,213
<i>Previous Year</i>	<i>382,579,489</i>	<i>8,901,302</i>	<i>6,075,435</i>	<i>385,405,356</i>	<i>196,443,525</i>	<i>18,992,739</i>	<i>1,884,120</i>	<i>213,552,144</i>	<i>171,853,212</i>	<i>-</i>
Intangible Assets										
Computer software	2,705,287	50,000	-	2,755,287	1,030,732	716,472	-	1,747,204	1,008,083	1,674,555
Sub-total	2,705,287	50,000	-	2,755,287	1,030,732	716,472	-	1,747,204	1,008,083	1,674,555
<i>Previous Year</i>	<i>704,945</i>	<i>2,000,342</i>	<i>-</i>	<i>2,705,287</i>	<i>587,628</i>	<i>443,104</i>	<i>-</i>	<i>1,030,732</i>	<i>1,674,555</i>	<i>-</i>
Total	388,110,643	14,758,536	24,051,488	378,817,690	214,582,875	14,503,538	16,855,295	212,231,118	166,586,572	173,527,768
Capital Work in Progress		12,323,948							1,901,847	4,336,435
Assets Held for Disposal									1,978,886	78,842
									170,467,306	177,943,045

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
12 NON-CURRENT INVESTMENTS		
In Equity Shares (Un quoted) :		
In Subsidiary Companies :		
- 80,000 (Previous year 80,000) Equity shares of US\$ 1/- each, fully paid up in Skay Inc., U.S.A (Refer Note 12.1)	3,560,515	3,560,515
- 14,78,770 (Previous year 14,78,770) Equity shares of Rs. 10/- each, fully paid up in Sky Hemmay Pvt Ltd	14,787,700	14,787,700
- 2,59,999 (Previous year 2,59,999) Equity shares of Rs. 10/- each, fully paid up in SK Stabel Industries Pvt Ltd	2,859,989	2,859,989
	<u>21,208,204</u>	<u>21,208,204</u>
In Others :		
- 50,000 (Previous year 50,000) Equity shares of Rs.10/- each, fully paid in Dombivali Nagari Sahakari Bank Ltd.	500,010	500,010
- 105 (Previous year 105) Equity shares of Rs. 10/ each, fully paid in Janakalyan Sahakari Bank Ltd.	1,100	1,100
	<u>501,110</u>	<u>501,110</u>
	<u>21,709,314</u>	<u>21,709,314</u>
12.1 The Company's equity investment in Skay Inc, USA is carried at cost. The diminution in the value of the investment is cosidered to be temporary in nature, in view of the Company's long term financial involvement in that Company. No Provision is therefore considered necessary in the amounts for diminution in the value of this investment.		
13 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital Advances	-	905,000
Security Deposits (Refer Note 13.1)	22,985,182	22,936,763
Advance Tax and Tax Deducted at Source	14,423,685	3,447,624
Balance with Goverment Authorities	20,856,691	15,379,212
	<u>58,265,558</u>	<u>42,668,599</u>
13.1 Includes deposits from Private Company in which director is a member or Director	14,720,000	14,720,000

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
14 OTHER NON-CURRENT ASSETS		
a. Trade receivables		
Unsecured		
Trade receivables outstanding for a period more than six months from the date they are due for payment	2,659,130	2,694,940
Less: Provision for doubtful debts	(2,659,130)	(2,694,940)
	<u>-</u>	<u>-</u>
b. Others		
Loan to Staff	-	17,000
Prepaid Expenses	-	9,000
	<u>-</u>	<u>26,000</u>
15 INVENTORIES (At lower of cost or net realisable value)		
a. Raw Materials	34,272,663	38,815,401
b. Raw Materials - In transit	1,306,277	6,022,398
c. Work-in-progress	32,825,506	36,797,152
d. Packing Material	3,061,131	3,203,807
e. Finished goods		
- Manufactured	69,909,049	87,416,044
- Traded Goods	8,970,717	12,108,910
	<u>150,345,343</u>	<u>184,363,712</u>
16 TRADE RECEIVABLES		
Unsecured, considered good		
Trade receivables outstanding for a period more than six months from the date they are due for payment	25,179,622	16,947,971
Others	83,159,765	75,016,300
	<u>108,339,387</u>	<u>91,964,272</u>
17 CASH AND CASH EQUIVALENTS		
a. Balances with banks :		
Earmarked Balances (Refer Note 17.1)	208,149	208,149
Balance in Deposit account held as Margin	5,608,584	6,139,942
Balance in Current account	3,886,271	904,945
b. Cash on hand	1,682,007	341,644
	<u>11,385,011</u>	<u>7,594,680</u>

17.1 Indicates earmarked balance for distribution of unpaid dividend

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31, 2013	As At March 31, 2012
18 SHORT-TERM LOANS AND ADVANCES		
Staff advances	1,695,906	1,870,614
Prepaid expenses	493,626	665,658
Advances to suppliers	3,640,234	2,846,739
Less: Provision for doubtful advances	-	(101,219)
	<u>5,829,766</u>	<u>5,281,792</u>
19 OTHER CURRENT ASSETS		
Interest receivables	444,170	213,846
Receivable on sale of Fixed Assets	45,128,250	43,124,040
Other receivables	-	3,397,196
DEPB licences	-	1,264,015
	<u>45,572,420</u>	<u>47,999,097</u>
	Year Ended March 31, 2013	Year Ended March 31, 2012
20 REVENUE FROM OPERATIONS		
Sale of Products (Gross) (Refer Note.No 20.1)	605,956,490	798,817,506
Less: Excise Duty	213,841	346,166
	<u>605,742,649</u>	<u>798,471,340</u>
Sale of Services	147,671	7,935,530
	<u>605,890,320</u>	<u>806,406,870</u>
OTHER OPERATING INCOME		
Freight recovered	1,178,875	3,069,058
Sale of scrap	1,440,160	5,279,878
Octroi charges collected	169,355	1,139,812
Other Charges Recovered	325,092	105,651
Export Incentives	2,702,912	193,797
Miscellaneous Receipt	5,226	-
	<u>5,821,620</u>	<u>9,788,196</u>
	<u>611,711,940</u>	<u>816,195,066</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
20.1 Sale of Products (Net)		
Manufactured :		
Hook & Loop Tape Fasteners	410,413,516	504,063,775
Elastic Tapes	12,697,000	117,299,500
Narrow Woven Fabrics	77,413,587	126,832,968
	<u>500,524,103</u>	<u>748,196,243</u>
Traded :		
Fibre glass Insect Screen	19,601,799	26,669,659
Knit Loop fabrics	-	6,480,738
Aluminium wire Mesh	10,130,634	2,688,502
Elastics	65,893,043	-
Others	9,593,070	14,436,198
	<u>105,218,546</u>	<u>50,275,097</u>
	<u>605,742,649</u>	<u>798,471,340</u>
21 OTHER INCOME		
Service Contract charges	11,288,689	15,745,320
Interest Income	828,087	619,130
Dividend Income	75,300	814,985
Profit on Sale of Assets	1,592,049	-
Net gain on foreign currency transaction and translation	1,380,698	-
Insurance claim received	-	8,380
Excess Provision write back	4,224,050	6,032
Miscellaneous income	6,196	56,390
	<u>19,395,069</u>	<u>17,250,237</u>
22 COST OF MATERIAL CONSUMED		
Opening Stock :		
Raw Materials	42,019,208	71,011,983
Raw Materials in Transit	6,022,398	10,218,964
	<u>48,041,606</u>	<u>81,230,947</u>
Add: Purchases	320,356,449	475,523,174
	<u>368,398,055</u>	<u>556,754,121</u>
Less: Closing Stock :		
Raw Materials	37,333,794	42,019,208
Raw Materials in Transit	1,306,277	6,022,398
	<u>38,640,071</u>	<u>48,041,606</u>
	<u>329,757,984</u>	<u>508,712,515</u>
22.1 Value of Raw Material Consumed		
Yarn	85,163,647	304,159,254
Rubber Thread	1,734,686	32,230,285
Hook & Loop - Semifinished	187,722,035	90,694,099
Resins & Chemicals	10,674,756	36,985,808
Others	44,462,860	44,643,069
	<u>329,757,984</u>	<u>508,712,515</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013		Year Ended March 31, 2012	
22.2 Value of Raw Material Consumed				
	<u>Year Ended March 31, 2013</u>		<u>Year Ended March 31, 2012</u>	
	Percentage	Amount	Percentage	Amount
Imported Raw Materials	71.02	234,199,335	44.56	226,666,542
Indigenous Raw Materials	28.98	95,558,649	55.44	282,045,973
	<u>100.00</u>	<u>329,757,984</u>	<u>100.00</u>	<u>508,712,515</u>
23 PURCHASE OF TRADED GOODS				
Fibre glass Insect Screen			10,627,772	18,966,795
Knit Loop fabrics			1,612,701	8,229,331
Aluminium wire Mesh			8,579,255	4,426,915
Elastics			43,612,121	-
Others			3,861,453	8,482,170
			<u>68,293,302</u>	<u>40,105,211</u>
23.1 Value of Traded Goods Purchased				
	<u>Year Ended March 31, 2013</u>		<u>Year Ended March 31, 2012</u>	
	Percentage	Amount	Percentage	Amount
Imported Purchases	34.66	23,667,601	80.48	32,274,890
Indigenous Purchases	65.34	44,625,701	19.52	7,830,321
	<u>100.00</u>	<u>68,293,302</u>	<u>100.00</u>	<u>40,105,211</u>
24 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS TRADED GOODS				
<u>Opening Inventory</u>				
Finished Goods				
Manufactured			87,416,044	74,466,267
Trading			12,108,910	9,874,267
			<u>99,524,954</u>	<u>84,340,534</u>
Work-In-Progress			36,797,152	34,851,213
			<u>136,322,106</u>	<u>119,191,747</u>
<u>Closing Inventory</u>				
Finished Goods				
Manufactured			69,909,049	87,416,044
Trading			8,970,717	12,108,910
			<u>78,879,766</u>	<u>99,524,954</u>
Work-In-Progress			32,825,506	36,797,152
			<u>111,705,272</u>	<u>136,322,106</u>
			<u>24,616,834</u>	<u>(17,130,359)</u>
25 EMPLOYEE BENEFITS EXPENSE				
Salaries and incentives			61,513,511	121,543,904
Contributions to Provident fund & other funds			1,545,463	4,322,196
Staff welfare expenses			1,915,118	4,875,369
			<u>64,974,092</u>	<u>130,741,469</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
26 FINANCE COST		
Interest Expense on Loan from Bank:		
Term Loan	5,792,368	9,322,572
Vehicle Loan	1,014,103	533,405
Working Capital Loan	16,788,780	18,235,866
Interest Expense on Loan from Others:		
Vehicle Loan	17,091	43,688
Shareholders Loan	279,700	721,920
Inter Corporate Deposit	1,946,541	409,068
Interest on Delayed Payment to Creditors	3,016,012	2,577,538
	<u>28,854,595</u>	<u>31,844,057</u>
27 OTHER EXPENSES		
A) Manufacturing Expenses		
Consumption of stores and spare parts (Refer Note 27.1)	4,191,264	10,930,468
Labour Charges	15,483,084	10,604,003
Power and Fuel	13,211,157	35,637,849
Repairs and Maintenance :		
Building	-	208,273
Machinery	1,083,400	2,086,157
Others	3,840,665	5,001,889
	<u>37,809,569</u>	<u>64,468,639</u>
B) Establishment Expenses		
Rent	20,047,595	24,062,600
Insurance	1,227,081	1,441,709
Rates and Taxes	1,637,741	1,769,513
Legal and Professional	4,051,380	3,494,363
Travelling & Other Conveyance	5,235,574	8,032,951
Postage, Telegram , Telephone & Courier	3,043,219	4,535,339
Printing & Stationery	1,159,202	2,356,239
Miscellaneous expenses	11,751,591	16,471,715
	<u>48,153,384</u>	<u>62,164,429</u>
C) Selling Expenses		
Net loss on foreign currency transaction and translation	-	6,893,431
Auditors Remuneration :		
(a) Auditor		
Audit Fees	400,000	500,000
Audit under other statutes	50,000	50,000
Certification	-	1,500
(b) Taxation Matters	-	74,000
(c) Reimbursement of Expenses	-	6,947
	<u>450,000</u>	<u>632,447</u>
Advertisement & Business, Sales Promotion	773,238	1,054,201
Freight, Cartage and Forwarding Expenses	15,750,048	21,876,541
Commission	5,661,195	8,534,281
Provision for doubtful debts	73,022	-
Bad Debts written off	-	259,265
Loss on sale/Impairment of assets	-	2,946,546
Discount - Scheme	-	2,612,178
Miscellaneous Balance Written off	-	1,501,860
Octroi Charges	721,191	1,208,979
Prior Period items	467,843	-
	<u>23,896,536</u>	<u>47,519,729</u>
	<u>109,859,489</u>	<u>174,152,795</u>

27.1 Value of Stores & Spares Consumed

	<u>Year Ended March 31, 2013</u>		<u>Year Ended March 31, 2012</u>	
Imported Stores & Spares	14.07	589,737	32.99	3,605,984
Indegenous Stores & Spares	85.93	3,601,527	67.01	7,324,484
	<u>100.00</u>	<u>4,191,264</u>	<u>100.00</u>	<u>10,930,468</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
28 OTHER NOTES		
(i) EARNINGS PER SHARE		
Loss attributable to Equity shareholders	(3,450,813)	(47,249,549)
Weighted average number of Equity shares outstanding (Nominal value of Shares Rs. 10)	3,976,400	3,976,400
Earnings per share (Basic & Diluted) in Rs.	(0.87)	(11.88)
(ii) PRIOR PERIOD EXPENSES		
During the year the company has accounted expenditure relating to Prior period in its Statement of Profit & Loss, bifurcation of such expenses is as under :		
Interest to others	93,672	449,813
Salaries, Wages & Bonus :		
- Gratuity	-	1,819,647
- Retainership Charges	20,865	384,132
Labour charges	10,233	-
Purchases of Rawmaterials	131,024	-
Other Sundry expenses	-	750
Professional & other fees	4,000	43,819
Rent	16,200	6,640
Stores & Spares	-	43,690
Travelling & other Conveyance	-	26,892
Postage, Telegram & Telephone	51,715	22,699
Printing & stationery	-	15,543
Staff Welfare	43,794	-
Repairs & Maintenance - Others	13,410	3,750
Freight, Cartage & Forwarding Expenses	82,930	85,498
	467,843	2,902,873
(iii) CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF :		
a) Guarantees given by the Company's banker against counter guarantee given by the company	583,700	738,500
b) Guarantees given by the Company's banker on behalf of subsidiary, against counter guarantee given by the Company.	25,000,000	25,000,000
c) Income tax demand disputed by the Company	114,896	114,896
d) Cess Demand from Deputy Commissioner of Navi Mumbai Municipal Corporation	3,683,521	3,683,521
e) Bills Discounted with Banks	1,618,509	1,066,619
f) Sales tax demands pending with Commissionerate and disputed by the company	3,333,901	3,333,901
(iv) VALUE OF IMPORT ON CIF BASIS :		
(i) Raw Materials & Trading goods	207,960,859	220,694,877
(ii) Stores & Spares	589,737	2,768,033
(iii) Capital Goods	2,445,015	3,383,867
	210,995,611	226,846,776
(v) EXPENDITURE IN FOREIGN CURRENCY		
(i) Commission on Exports	3,465,548	4,948,153
(ii) Foreign Travel	51,453	413,627
	3,517,001	5,361,780

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
(vi) EARNING IN FOREIGN CURRENCY		
(i) FOB value of Exports	103,044,204	140,626,666
(ii) Insurance on Exports	577,584	59,187
(iii) Freight on Exports	1,679,130	2,881,308
(iv) Other charges	-	95,855
	<u>105,300,918</u>	<u>143,663,016</u>
(vii) EMPLOYEE BENEFITS		
I. Defined Benefit Plans:		
Contribution to Gratuity Fund		
<p>The Company makes annual contributions to the Employee's Group Gratuity-cum-Life assurance scheme of Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.</p> <p>The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2013</p>		
Changes in present value of obligations		
Opening balance	12,782,610	6,149,890
Current service Cost	1,182,522	1,642,549
Interest Cost	940,537	459,966
Benefits Paid	(2,051,795)	(800,632)
Actuarial (gain)/loss on obligation	(1,414,068)	5,330,837
Closing balance	<u>11,439,806</u>	<u>12,782,610</u>
Changes in Fair Value of Plan assets		
Opening balance	7,304,007	7,192,289
Expected return on plan assets	489,825	546,839
Contributions by Employer	89,398	287,017
Benefits paid	(2,051,795)	(800,632)
Actuarial gain/(loss) on plan assets	49,355	78,494
Closing balance	<u>5,880,790</u>	<u>7,304,007</u>
Actual Return on Plan Asset		
Expected return on plan assets	489,825	546,839
Actuarial (gain)/loss on plan assets	49,355	-
Actual return on plan assets	<u>539,180</u>	<u>546,839</u>
Amount Recognised in the Balance sheet		
Liability at the end of the year	11,439,806	12,782,610
Fair Value of plan assets at the end of the year	5,880,790	7,304,007
Amount Recognised in the Balance Sheet	<u>5,559,016</u>	<u>5,478,603</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
Net gratuity cost for the year		
Current Service Cost	1,182,522	1,642,549
Interest Cost	940,537	459,966
Expected return on plan assets	(489,825)	(546,839)
Net Actuarial (gain)/loss to be recognised	(1,463,423)	5,252,343
Net gratuity cost	<u>169,811</u>	<u>6,808,019</u>
Balance Sheet Recognition		
Opening net liability	5,478,603	(1,042,399)
Expenses as above	169,811	6,808,019
Employer's Contribution	(89,398)	(287,017)
Closing Net liability	<u>5,559,016</u>	<u>5,478,603</u>
Actuarial Assumptions		
Discount Rate (p.a.)	8.00	8.00
Rate of return on plan assets	8.00	8.00
Salary escalation rate (p.a.)	5.00	3.00

II. Defined Contribution Plans:

The Company has recognised the following amount as an expenses and included in the Note No-25 " Contribution to Provident and Other Funds :

Contribution to Employee Provident Fund	1,047,493	2,722,584
Contribution to Employee State Insurance	494,118	1,586,328
Contribution to Maharashtra Labour Welfare Fund	3,852	13,284
	<u>1,545,463</u>	<u>4,322,196</u>

(viii) SEGMENT REPORTING

As the Company has only one primary business activity, Segment Reporting is not applicable.

(ix) RELATED PARTY DISCLOSURE :

(a) Relationships

i. Subsidiaries:

SKAY Inc., USA (wholly owned subsidiary)
Sky Hemmay Private Limited
SK Stabel Industries Private Limited (wholly owned subsidiary)

ii. Key management personnel/persons exercising significant influence & their relatives:

Mr. Nitin K. Motani
Mr. Shailesh S. Shah
Mr. Saurabh K. Motani
Mr. Sharad S Shah
Mr. Maikal Raorani
Mr. Mohit N Motani

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
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iii. Enterprises over which Key management personnel exercise significant influence.

S.K. Exports
S.K. Silks
Shamots International
S.K.Overseas
SK Windtronics Private Ltd.
Jask Invogue Private Ltd.
Skay Finvest Private Ltd.
Novitas India Private Ltd.

- b) The following transactions were carried out with the related parties in the ordinary course of business :
(i) Details relating to parties referred to in items (i) (ii) and (iii) above :

Transactions	Subsidiaries (i)	Key managerial personnel/persons exercising significant influence & their relatives (ii)	Enterprises over which Key management personnel exercising significant influence (iii)
Sales	1,758,704 (1,055,002)	- -	17,437,450 (35,285,381)
Service Charges Received	2,022,241 (2,230,884)	- -	10,661,713 (13,514,436)
Purchases	1,174,325 (179,343)	- -	1,520,842 (863,732)
Remuneration	- -	10,380,000 (10,140,000)	- -
Rent	- -	- -	10,120,222 (10,865,366)
Commission	3,319,753 (4,948,153)	- -	- -
Labour Charges	254,337 -	- -	- (33,090)
Sale of Fixed Assets	78,750 -	- -	- -
Purchase of Fixed Assets	- -	- -	582,751 (3,003,743)

As per our Report of even date
For and on behalf of
THANAWALA & COMPANY
CHARTERED ACCOUNTANTS
Firm Reg. No. 110948W

For and on behalf of the Board of Directors

Sd/-
VIJAY K THANAWALA
PROPRIETOR
Membership No. 15632
Place : Mumbai, Dated: May 30, 2013

Sd/-
Shailesh Shah
Managing Director

Sd/-
Nitin Motani
Chairman

**STATEMENT REGARDING SUBSIDIARY COMPANIES
PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956**

Name of the Subsidiary	:	Skay Inc
Financial year of the subsidiary	:	1 st April 2012 to 31 st March 2013
Holding Company	:	Sky Industries Ltd
Extent of Holding companies interest	:	100%
Face Value of equity shares	:	USD 1
Number of equity shares held by the company	:	
And/or its subsidiary	:	80,000
Net Aggregate amounts of profits/(losses)	:	for the financial year of the subsidiary USD 41,469.
Of the subsidiary so far as it concerns the	:	for the previous financial years of the
members of the holding company and is not	:	subsidiary since it became a subsidiary
dealt within accounts of holding company	:	(USD 67,819) (Loss).

Net aggregate amounts of profits/(losses)	:	For the financial year of the subsidiary-NA
Of the subsidiary so far as it concerns the	:	for the previous year of the subsidiary
Members of the holding company and is dealt	:	since it became a subsidiary-NA.
Within accounts of holding company.	:	

Name of the Subsidiary	:	S K Stabel Industries Pvt Ltd.
Financial year of the subsidiary	:	1 st April 2012 to 31 st March 2013
Holding Company	:	Sky Industries Ltd
Extent of Holding companies interest	:	100%
Face Value of equity shares	:	Rs.10/=
Number of equity shares held by the company	:	
And/or its subsidiary	:	259,999.
Net Aggregate amounts of profits/(losses)	:	for the fin.year of the subsidiary Rs.4,91,006
Of the subsidiary so far as it concerns the	:	for the previous financial years of the
members of the holding company and is not	:	subsidiary since it became a subsidiary
dealt within accounts of holding company	:	(Rs.47,28,797).

Net aggregate amounts of profits/(losses)	:	For the financial year of the subsidiary-NA
Of the subsidiary so far as it concerns the	:	for the previous year of the subsidiary
Members of the holding company and is dealt	:	since it became a subsidiary-NA.
Within accounts of holding company.	:	

Name of the Subsidiary	:	SKY Hemmay Pvt Ltd.
Financial year of the subsidiary	:	1 st April 2012 to 31 st March 2013
Holding Company	:	Sky Industries Ltd
Extent of Holding companies interest	:	51%
Face Value of equity shares	:	Rs.10/=
Number of equity shares held by the company	:	
And/or its subsidiary	:	1,478,770.
Net Aggregate amounts of profits/(losses)	:	for the fin.year of the subsidiary Rs. 52,85,036.
Of the subsidiary so far as it concerns the	:	for the previous financial years of the
members of the holding company and is not	:	subsidiary since it became a subsidiary
dealt within accounts of holding company	:	Rs.8,37,952.
Net aggregate amounts of profits/(losses)	:	For the financial year of the subsidiary-NA
Of the subsidiary so far as it concerns the	:	for the previous year of the subsidiary
Members of the holding company and is dealt	:	since it became a subsidiary-NA.
Within accounts of holding company.	:	

**REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF
SKY INDUSTRIES LIMITED**

1. We have examined the attached Consolidated Balance Sheet of Sky Industries Limited, its subsidiary as at 31st March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to the explanations given to us and on consideration of separate audit report on the individual audited financial statements of Sky Industries Limited and its subsidiaries, the consolidated financial statements read with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Sky Industries Limited and its subsidiaries as at 31st March, 2013; and
 - ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations Sky Industries Limited and its subsidiaries for the year ended on that date.
 - iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Sky Industries Limited and its subsidiaries for the year ended on that date.

For and on behalf of
Thanawala & Company
Chartered Accountants

Sd/-
[V.K. Thanawala]
Proprietor

Firm Reg. No. 110948W

Membership No. 15632

Place : Mumbai
Dated : 14/08/2013

SKY INDUSTRIES LIMITED - CONSOLIDATED

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in Rs.)

	Note	As At March 31 2013	As At March 31 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	39,764,000	39,764,000
(b) Reserves and surplus	3	100,017,139	99,697,897
		139,781,139	139,461,897
2 Minority interest *		18,561,747	17,667,134
3 Non-current liabilities			
(a) Long-term borrowings	4	38,625,630	58,619,337
(b) Deferred tax liabilities (net)	5	17,418,380	17,948,578
(c) Other long-term liabilities	6	500,000	500,000
(d) Long-term provisions	7	-	806,426
		56,544,010	77,874,341
4 Current liabilities			
(a) Short-term borrowings	8	191,537,146	167,550,607
(b) Trade payables	9	120,099,441	112,302,204
(c) Other current liabilities	10	63,005,988	80,864,663
(d) Short-term provisions	11	24,221,944	15,385,739
		398,864,519	376,103,213
		613,751,415	611,106,584
B ASSETS			
1 Non-current assets			
(a) Fixed assets	12		
1) Tangible Assets		227,170,563	240,380,951
2) Intangible Assets		1,052,868	1,749,197
3) Capital Work in Progress		4,286,691	4,336,435
4) Assets held for disposal		1,978,886	78,842
		234,489,008	246,545,425
(b) Non-current investments	13	551,110	551,110
(c) Long-term loans and advances	14	61,599,303	44,666,610
(d) Other non-current assets	15	36,235	136,864
		296,675,656	291,900,009
2 Current assets			
(a) Inventories	16	175,317,253	208,000,318
(b) Trade receivables	17	117,763,369	92,681,440
(c) Cash and cash equivalents	18	16,422,445	10,503,016
(d) Short-term loans and advances	19	7,036,319	5,307,542
(e) Other current assets	20	536,373	2,714,259
		317,075,759	319,206,574
		613,751,415	611,106,584

Significant accounting policies

1

The accompanying notes (1 to 29) form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors

For and on behalf of

THANAWALA & COMPANY

CHARTERED ACCOUNTANTS

Firm Reg. No. 110948W

Sd/-

VIJAY K THANAWALA

PROPRIETOR

Membership No. 15632

Sd/-

Shailesh Shah

Managing Director

Sd/-

Nitin Motani

Chairman

Place : Mumbai, Dated: August 14, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rs.)

	Note	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from operations	21	716,345,743	891,495,311
II. Other income	22	17,568,495	18,237,206
III. Total Revenue		733,914,238	909,732,518
IV. Expenses:			
Cost of materials consumed	23	384,328,930	547,582,209
Purchases of Stock-in-Trade	24	68,293,302	40,172,779
Changes in Inventories of Finished Good, Work In Progress and Traded Goods	25	25,640,187	(19,439,243)
Employee benefits expense	26	79,515,896	148,402,863
Finance costs	27	29,597,086	32,750,484
Depreciation and amortization Expenses	12	20,589,305	25,924,886
Other expenses	28	124,027,605	190,461,775
V. Total Expenses		731,992,311	965,855,753
VI. Loss before tax		1,921,927	(56,123,235)
VII. Exceptional Items		3,545,823	-
VIII Tax expense:			
(1) Current tax - For the year		(2,793,458)	(1,187,814)
- Excess/(Short) Provision of the Previous years		1,406,185	(4,449,014)
(2) Deferred tax		530,199	10,995,833
		(857,074)	5,359,004
IX. Profit (Loss) for the period from continuing operations (VI-VII-VIII)		4,610,676	(50,764,230)

Significant accounting policies

1

The accompanying notes (1 to 29) form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors

For and on behalf of

THANAWALA & COMPANY
CHARTERED ACCOUNTANTS
Firm Reg. No. 110948W

Sd/-

VIJAY K THANAWALA
PROPRIETOR
Membership No. 15632

Place : Mumbai, Dated: August 14, 2013

Sd/-

Shailesh Shah
Managing Director

Sd/-

Nitin Motani
Chairman

Cash Flow Statement for the Year Ended March 31, 2013

(Amount in Rs.)

	For the year ended 31.03.2013	For the year ended 31.03.2012
A. Cash Flow from Operating Activities:		
Profit before tax and extra ordinary item	1,921,927	(56,123,235)
Adjustment for:		
Depreciation	20,589,305	25,906,769
Interest and Finance Charges	29,597,086	32,750,484
Interest income	(891,332)	(663,427)
Dividend	(82,200)	(821,885)
Preliminary Expenses W/off	74,629	18,117
Increase/Decrease F.C translation reserve	(28,395)	57,733
Profit/(Loss) on Sale /Disposal of Fixed Assets	(1,592,049)	2,946,546
	<u>47,667,044</u>	<u>60,194,337</u>
Operating Profit before Working Capital Changes	<u>49,588,971</u>	<u>4,071,101</u>
Adjustment for:		
Trade Receivables	(25,081,929)	26,765,202
Other Receivables	(16,727,895)	850,741
Inventory	32,683,065	11,210,726
Trade and Other Payable	(2,031,659)	20,963,054
	<u>(11,158,418)</u>	<u>59,789,723</u>
Cash generated from Operations	38,430,553	63,860,824
Direct Tax paid/net of Refund received	(344,940)	(576,084)
Net Cash Flow from Operating Activities	<u>38,085,613</u>	<u>63,284,740</u>
B. Cash Flow from Investing Activities:		
Acquisition of Fixed Assets	(15,095,087)	(18,102,386)
Proceeds from Sale of Fixed Assets	7,559,624	1,165,927
Decrease/(Increase) in Investments	-	5,000
Dividend	82,200	821,885
Interest income	891,332	663,427
Net Cash used in Investing Activities	<u>(6,561,931)</u>	<u>(15,446,147)</u>
C. Cash Flow from Financing Activities:		
(Decrease)/Increase in Working Capital facility (net)	(12,564,332)	(22,929,226)
Increase/(Decrease) of Term Loan/Vehicle Loans	(19,993,707)	(11,851,677)
Increase/(Decrease) of Unsecured Loans	36,550,871	16,400,000
Interest and Finance Charges Paid	(29,597,086)	(30,495,283)
Payment of Dividend	-	(1,449,775)
Tax on Dividend Paid	-	(235,190)
Net Cash (Used)/Generated from Financing Activities	<u>(25,604,253)</u>	<u>(50,561,151)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>5,919,429</u>	<u>(2,722,558)</u>
Cash and Cash Equivalents as at the beginning of the year	10,503,016	13,225,574
Cash and Cash Equivalents as at the end of the year	<u>16,422,445</u>	<u>10,503,016</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>5,919,429</u>	<u>(2,722,558)</u>

Note: Cash flow statement has been presented under indirect method as prescribed in AS-3.

Figures for the previous year have been regrouped and rearranged wherever considered necessary.

The accompanying notes (1 to 29) form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors

For and on behalf of

THANAWALA & COMPANY

CHARTERED ACCOUNTANTS

Firm Reg. No. 110948W

Sd/-

VIJAY K THANAWALA

PROPRIETOR

Membership No. 15632

Sd/-

Shailesh Shah

Managing Director

Sd/-

Nitin Motani

Chairman

Place : Mumbai, Dated: August 14, 2013

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Significant Accounting Policies

A. Basis of Accounting:

The consolidated financial statements of Sky Industries Limited., the holding company and its subsidiaries have been prepared under the historical cost convention on an accrual basis except as stated. The financial statements have been prepared to comply in all material respects with the relevant provision of the Companies Act, 1956 and the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

B. Principles of Consolidation:

The consolidation of accounts of the company with its subsidiaries has been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statement". The financial statements of the parent and its subsidiary are combined on a line by line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated.

In the consolidated financial statement, "Goodwill" represents the excess of the cost to the Company of its investment in the subsidiary over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognized as "Capital Reserve" in the consolidated financial statements.

The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2012.

C. The subsidiary company considered in the consolidated financial statements are:

The subsidiary company considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Percentage of Holding	
		Current year	Previous year
Skay Inc.	U.S.A.	100%	100%
Sky Hemmay Pvt Ltd	India	51%	51%
SK Stable Industries Pvt Ltd (with effect from 06.01.2011)	India	100%	100%

D. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost includes original cost of acquisition, taxes, duties, interest on borrowings up to the period of time the asset is put to use, and other incidental expenses related to acquisition and installation of the concerned asset.

Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Repairs, renewals & maintenance are charged to the Statement of Profit & Loss Account as incurred.

Profit or Loss on sale, transfer or disposal of Fixed Asset is recognized in the year of such sale, transfer or disposal.

E. Depreciation / Amortization:

Depreciation is provided following the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. The cost of leasehold land is amortized over the period of lease.

In respect of the foreign subsidiary, depreciation is provided using straight line method and accelerated method using lives ranging from five to seven years.

F. Investments:

Long Term Investments are stated at cost unless otherwise stated. Provision is made for diminution in the value of investments, where diminution is other than temporary.

G. Inventory:

Inventories are valued at lower of cost and net realizable value.

Cost of Raw materials, Packing materials is ascertained on FIFO basis.

Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Expenditure on Stores and Spares is written off as incurred.

H. Foreign Currency Transactions:

Foreign currency transactions are booked at the exchange rates prevailing on the date of transaction. Gains and losses arising out of the subsequent fluctuations in exchange rates are accounted for on realization. Monetary assets and liabilities have been translated at the exchange rates prevailing as on the date of Balance Sheet. Exchange gains / losses are recognized in the Statement of Profit and Loss. However, exchange differences relating to fixed assets up to the year ended 31st March, 2007 have been included in the carrying amount of fixed assets.

The discount or premium in forward exchange contracts, arising from the difference between the forward rate and the spot rate at the inception of such a contract is amortized as income or expense over the period of the contract.

In respect of foreign subsidiary, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under Foreign currency translation reserve.

I. Revenue Recognition:

Sales are booked at the time of dispatch from the Company's premises. Sales are reflected inclusive of excise duty and net of trade discount.

Export incentives receivable under Duty Entitlement Pass Book Scheme are accounted on accrual basis.

J. Retirement / Other Benefits:

i. Defined Contribution Plan:

The defined contribution to Provident Fund, are recognized in the Statement of Profit and Loss on accrual basis.

ii. Defined Benefit Plan:

The liabilities under the payment of Gratuity Act, long term compensated absences and pension are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized immediately in the Statement of Profit And Loss as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Leave Encashment and Gratuity are accounted on cash basis by the subsidiaries.

K. Grants / Subsidies:

Grants / Subsidies related to revenue are presented as a credit to the Statement of profit and loss or are deducted in reporting the related expenses.

L. Borrowing Costs:

Interest and commitment charges incurred in connection with borrowing of the funds, which are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use, upto the time the said asset is put to use are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

M. Accounting for Taxes on income:

Current tax is determined as the amount of tax payable in respect of the taxable income for the year, as per the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

N. Earning Per Share:

The basic earning per share is computed using the weighted average number of common shares outstanding during the period. Diluted earning per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

O. Provisions :

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
2 SHARE CAPITAL		
Authorised Capital		
15,000,000 Equity Shares of Rs. 10/- each	150,000,000	150,000,000
500,000 Redeemable Preference Shares of Rs. 100/-each	50,000,000	50,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid Up		
3,976,400 Equity Shares of Rs 10/- each	39,764,000	39,764,000
(Refer Notes 2.1 to 2.3)	<u>39,764,000</u>	<u>39,764,000</u>
2.1 Shareholders holding more than 5% shares in the Company Name of Shareholder		
	<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>
	No of Equity % of Holding shares held	No of Equity % of Holding shares held
SKAY FINVEST PRIVATE LIMITED	1,310,147 32.95%	1,310,147 32.95%
	<u>1,310,147 32.95%</u>	<u>1,310,147 32.95%</u>
2.2 There is no movement in the number of shares outstanding during the year ended March 31, 2013 and year ended March 31, 2012.		
2.3 Rights and restrictions attached to the shares		
The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
3 RESERVES AND SURPLUS		
a. General Reserve		
As per last balance sheet	8,280,500	8,280,500
Add : Transfer from Surplus	102,000	
	<u>8,382,500</u>	<u>8,280,500</u>
b. Profit and loss Account		
As per last balance sheet	91,132,020	142,306,846
Less : Net Loss for the year	4,610,676	(50,764,230)
Add : Share of Minority Interest	(829,355)	(410,596)
Less: Transfer to Reserves	200,000	-
Less: Proposed Dividends	2,899,550	-
Less: Tax on Proposed Dividends	492,924	-
	<u>91,320,867</u>	<u>91,132,020</u>
c. Capital Reserve	368,906	368,906
d. Foreign Currency Translation reserve	(55,134)	(83,529)
	<u>100,017,139</u>	<u>99,697,897</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
4 LONG-TERM BORROWINGS		
SECURED LOANS		
From Banks		
(a) Term loans [Refer Note 4.1, 4.3(a) and 4.3(b)]	33,234,697	51,934,878
(b) Vehicle loans [Refer Note 4.2, 4.3(c) and 4.3(d)]	4,113,775	4,859,030
	<u>37,348,472</u>	<u>56,793,908</u>
From other parties		
Vehicle loan [Refer Note 4.2, 4.3(e)]	1,277,158	1,825,429
	<u>1,277,158</u>	<u>1,825,429</u>
	<u>38,625,630</u>	<u>58,619,337</u>

4.1 Term loans from banks are secured by way of pari passu first charge on land & buildings including all movable assets, plant and machinery, stores and spares, furniture and fixture, both present and future, excluding vehicles, and a second charge on all the current assets of the Company, both present and future, and personal guarantee of Directors.

4.2 The vehicle loans from banks and other parties are secured by the hypothecation of vehicles purchased under the scheme.

4.3 Terms of repayment :

(a) Term Loan from Dombivli Nagari Shakari Bank Ltd		
Corporate Loan - Repayable in 16 months @ Rs. 7.43 lacs	9,873,042	17,294,956
(b) Term Loan from The Karur Vysya Bank Ltd		
Term Loan No. 1 - Repayable in 36 months @ Rs. 8.43 lacs	18,209,340	25,430,882
Term Loan No. 2 - Repayable in 8 months @ Rs. 1.85 lacs	1,623,117	3,436,003
Term Loan No. 3 - Repayable in 15 months @ Rs. 2.45 lacs	3,529,198	5,773,037
(c) Vehicle loans from Dombivli Nagari Shakari Bank Ltd.		
Vehicle Loan No. 1 - Repayable in 28 months @ Rs. 0.41 lacs	1,002,432	1,252,680
Vehicle Loan No. 2 - Repayable in 28 months @ Rs. 0.31 lacs	758,755	894,083
Vehicle Loan No. 3 - Repayable in 27 months @ Rs. 0.11 lacs	277,022	291,315
Vehicle Loan No. 4 - Repayable in 25 months @ Rs. 0.11 lacs	256,354	270,121
Vehicle Loan No. 5 - Repayable in 20 months @ Rs. 0.11 lacs	190,853	200,241
Vehicle Loan No. 6 - Repayable in 13 months @ Rs. 0.11 lacs	127,788	161,297
Vehicle Loan No. 7 - Repayable in 18 months @ Rs. 0.11 lacs	157,773	189,862
Vehicle Loan No. 8 - Repayable in 28 months @ Rs. 0.38 lacs	1,000,588	1,044,364
Vehicle Loan No. 9 - Repayable in 24 months @ Rs. 0.11 lacs	245,020	302,349
(d) Vehicle loans from ICICI Bank Ltd.		
Vehicle Loan No. 1 - Repayable in 7 months @ Rs. 0.14 lacs	97,189	252,718
(e) Vehicle loans from Kotak Mahindra Prime Ltd		
Vehicle Loan No. 1 - Repayable in 28 months @ Rs. 0.55 lacs	1,277,158	1,825,429

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
5 DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
Depreciation on Fixed Assets	32,955,357	32,200,812
	<u>32,955,357</u>	<u>32,200,812</u>
Deferred Tax Asset		
Expenses disallowed under Sec 43B of the Income Tax Act, 1961	3,510,684	2,187,062
Carry forward unabsorbed depreciation	11,159,938	11,159,938
Provision for doubtful debts	866,355	905,235
	<u>15,536,976</u>	<u>14,252,234</u>
Deferred Tax Liability (Net)	<u>17,418,380</u>	<u>17,948,578</u>
6 OTHER LONG-TERM LIABILITIES		
Trade/Security Deposit Received	500,000	500,000
Capital Goods	-	-
	<u>500,000</u>	<u>500,000</u>
7 LONG-TERM PROVISIONS		
Provision for Employee Benefits:		
Leave Encashment	-	806,426
	<u>-</u>	<u>806,426</u>
8 SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand From Banks		
Dombivli Nagari Sahakari Bank Ltd - CC	30,185,411	30,488,359
Kotak Mahindra Bank Ltd - CC	16,115,808	25,035,024
Kotak Mahindra Bank Ltd - Letter of Credit	-	15,342,488
Oriental Bank of Commerce - CC	9,531,192	9,446,403
Oriental Bank of Commerce - Packing Credit	9,308,400	8,070,000
The South Indian Bank Ltd - CC	9,719,825	10,015,569
The South Indian Bank Ltd - Letter of Credit	8,215,680	886,189
The Karur Vysya Bank Ltd - CC	30,937,147	39,838,562
The Karur Vysya Bank Ltd - Letter of Credit	21,872,812	6,844,866
Shamrao Vithal Co-op Bank	-	2,483,148
	<u>135,886,275</u>	<u>148,450,607</u>
UN-SECURED		
(a) Loans and advances from related parties		
Loan from Directors 1	8,627,006	5,400,000
Loan from Shareholders	12,859,546	5,000,000
Advances from group companies	-	500,000
	<u>21,486,552</u>	<u>10,900,000.00</u>
(b) Inter Corporate Deposits		
From Related Party	34,164,319	2,200,000
From Others	-	6,000,000
	<u>34,164,319</u>	<u>8,200,000</u>
	<u>191,537,146</u>	<u>167,550,607</u>

8.1 The cash credit, packing credit and payables for letter of credit is secured by way of pari passu first charge on all immovable properties and by hypothecation of all movable assets, both present and future, excluding vehicles, and a second charge on all the current assets of the Company, both present and future, and personal guarantee of Directors.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
9 TRADE PAYABLES		
Due to Micro and Small Enterprises (Refer note no. 9.1)	-	-
Other than Micro and Small Enterprises	120,099,441	112,302,204
	<u>120,099,441</u>	<u>112,302,204</u>
9.1 The Company has not compiled the relevant information from its suppliers under the Micro, Small, Medium Enterprises Development Act, 2006. As the relevant information is not readily available, no disclosures have been made in the accounts. However, in the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.		
10 OTHER CURRENT LIABILITIES		
Unclaimed dividends	208,149	208,149
STATUTORY LIABILITIES		
Tax deduction payable	1,409,121	1,320,361
Sales Tax Payable	2,591,478	44,999
Provident Fund/Esic/Professional tax payable	434,795	786,320
Excise/Service tax payable	-	20,797
EMPLOYEE LIABILITIES		
Salaries Payable	13,137,447	11,910,837
Bonus Payable	1,984,794	2,409,995
Gratuity Payable	5,759,016	5,364,282
Outstanding Liabilities	1,347,552	777,528
Security Deposit received	8,270,000	8,270,000
Advances received from customer	26,617,350	17,405,397
Other Payables	1,246,286	32,345,997
	<u>63,005,988</u>	<u>80,864,663</u>
11 SHORT-TERM PROVISIONS		
Provision for employee benefits:		
Gratuity	-	114,321
Leave encashment	3,249,400	3,635,095
Others:		
Provision for taxation	17,580,070	11,636,323
Proposed dividend	2,899,550	-
Tax on proposed dividend	492,924	-
	<u>24,221,944</u>	<u>15,385,739</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 12 - FIXED ASSETS

(Amount in Rs.)

	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions during the Year	Deduction	As at March 31, 2013	Upto April 1, 2012	For the year	On Deduction	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Leasehold Land	8,360,860	-	-	8,360,860	1,104,954	102,264	-	1,207,218	7,153,642	7,255,906
Buildings	48,761,048	876,360	-	49,637,408	16,817,697	1,631,260	-	18,448,957	31,188,451	31,943,351
Plant & Machinery	374,673,746	13,198,896	24,913,125	362,959,516	193,229,786	15,275,536	16,415,917	192,089,404	170,870,112	181,443,960
Furniture & Fixtures	5,991,654	311,551	479,038	5,824,167	4,256,145	438,727	439,378	4,255,494	1,568,673	1,735,509
Vehicles	17,821,284	-	-	17,821,284	3,647,476	1,687,073	-	5,334,549	12,486,735	14,173,808
Office Equipment	7,047,870	377,071	-	7,424,941	4,678,387	202,994	-	4,881,381	2,543,560	2,369,483
Computers	7,030,978	330,953	-	7,361,931	5,572,045	430,497	-	6,002,542	1,359,389	1,458,933
Sub-total	469,687,440	15,094,831	25,392,163	459,390,107	229,306,489	19,768,351	16,855,295	232,219,545	227,170,563	240,380,951
<i>Previous Year</i>	<i>462,487,602</i>	<i>13,275,272</i>	<i>6,075,435</i>	<i>469,687,439</i>	<i>205,776,706</i>	<i>25,413,903</i>	<i>1,884,120</i>	<i>229,306,489</i>	<i>240,380,950</i>	<i>-</i>
Intangible Assets										
Computer software	2,837,256	50,000	-	2,887,256	1,088,059	746,329	-	1,834,388	1,052,868	1,749,197
Hemmay	115,491	-	-	115,491	46,196	27,718	-	73,914	41,577	69,295
Stabel	16,478	-	-	16,478	11,131	2,139	-	13,270	3,208	5,347
Sky	2,705,287	50,000	-	2,755,287	1,030,732	716,472	-	1,747,204	1,008,083	1,674,555
Masterhead and Publishing titles	-	-	-	-	-	-	-	-	-	-
Mining rights	-	-	-	-	-	-	-	-	-	-
Copyrights, Patents and other intellectual property rights, services and operating rights	-	-	-	-	-	-	-	-	-	-
Recipe, formulae, models, designs and prototypes	-	-	-	-	-	-	-	-	-	-
Licenses and franchise	-	-	-	-	-	-	-	-	-	-
Sub-total	2,837,256	50,000	-	2,887,256	1,088,059	746,329	-	1,834,388	1,052,868	1,749,197
<i>Previous Year</i>	<i>756,423</i>	<i>2,080,833</i>	<i>-</i>	<i>2,837,256</i>	<i>595,194</i>	<i>492,865</i>	<i>-</i>	<i>1,088,059</i>	<i>1,749,197</i>	<i>-</i>
Total	472,524,696	15,144,831	25,392,163	462,277,363	230,394,548	20,514,680	16,855,295	234,053,933	228,223,430	242,130,148
Capital Work in Progress									4,286,691	4,336,435
Assets Held for Disposal									1,978,886	78,842
									234,489,008	246,545,425

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
13 NON-CURRENT INVESTMENTS		
In Equity Shares (Un quoted) :		
In Others :		
- 50,000 (Previous year 50,000) Equity shares of Rs.10/- each, fully paid in Dombivali Nagari Sahakari Bank Ltd.	500,010	500,010
- 105 (Previous year 105) Equity shares of Rs. 10/ each, fully paid in Janakalyan Sahakari Bank Ltd.	1,100	1,100
5,000 (Previous year 5000) Equity shares of Rs.10/- each, fully paid in Shamrao Vital Co-op Bank	50,000	50,000
	<u>551,110</u>	<u>551,110</u>
13.1 The Company's equity investment in Skay Inc, USA is carried at cost. The diminution in the value of the investment is considered to be temporary in nature, in view of the Company's long term financial involvement in that Company. No Provision is therefore considered necessary in the amounts for diminution in the value of this investment.		
14 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital Advances	-	905,000
Security Deposits (Refer Note 14.1)	24,940,773	24,081,897
Advance Tax and Tax Deducted at Source	15,010,368	3,447,624
Other Advances	50,400	701,360
Balance with Government Authorities	21,597,762	15,530,729
	<u>61,599,303</u>	<u>44,666,610</u>
14.1 Includes deposits from Private Company in which director is a member or Director	14,720,000	14,720,000
15 OTHER NON-CURRENT ASSETS		
a. Trade receivables		
Unsecured		
Trade receivables outstanding for a period more than six months from the date they are due for payment	2,659,130	2,694,940
Less: Provision for doubtful debts	(2,659,130)	(2,694,940)
	<u>-</u>	<u>-</u>
b. Others		
Loan to Staff	-	17,000
Prepaid Expenses	-	9,000
Unamortised Preliminary Expenses	36,235	110,864
	<u>36,235</u>	<u>136,864</u>
16 INVENTORIES		
(At lower of cost or net realisable value)		
a. Raw Materials	52,769,257	54,327,272
b. Raw Materials - In transit	1,306,277	6,022,398
c. Work-in-progress	35,446,627	40,041,913
d. Packing Material	3,061,131	3,203,811
e. Finished goods		
- Manufactured	73,763,244	92,296,014
- Traded Goods	8,970,717	12,108,910
	<u>175,317,253</u>	<u>208,000,318</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
17 TRADE RECEIVABLES		
Unsecured, considered good		
Trade receivables outstanding for a period more than six months from the date they are due for payment	27,198,297	16,947,971
Others	90,565,072	75,733,469
	117,763,369	92,681,440
18 CASH AND CASH EQUIVALENTS		
a. Balances with banks :		
Earmarked Balances (Refer Note 18.1)	208,149	208,149
Balance in Deposit account held as Margin	6,146,584	8,047,442
Balance in Current account	8,194,338	1,813,176
b. Cash on hand	1,873,374	434,249
	16,422,445	10,503,016
18.1 Indicates earmarked balance for distribution of unpaid dividend		
19 SHORT-TERM LOANS AND ADVANCES		
Staff advances	1,742,339	1,884,111
Prepaid expenses	538,156	677,910
Advances to suppliers	4,755,824	2,846,739
Less: Provision for doubtful advances	-	(101,219)
	7,036,319	5,307,542
20 OTHER CURRENT ASSETS		
Interest receivables	532,007	296,531
Receivable on sale of Fixed Assets	-	205,500
Other receivables	-	946,748
DEPB licences	4,366	1,265,479
	536,373	2,714,259
	Year Ended March 31, 2013	Year Ended March 31, 2012
21 REVENUE FROM OPERATIONS		
Sale of Products (Gross) (Refer Note.No 21.1)	710,348,884	873,890,638
Less: Excise Duty	213,841	346,166
	710,135,043	873,544,472
Sale of Services	147,671	7,935,530
	710,282,714	881,480,002
OTHER OPERATING INCOME		
Freight recovered	1,178,875	3,144,029
Sale of scrap	1,617,432	5,432,020
Octroi charges collected	169,355	1,139,812
Other Charges Recovered	325,092	105,651
Export Incentives	2,767,049	193,797
Miscellaneous Receipt	5,226	-
	6,063,029	10,015,309
	716,345,743	891,495,311

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
21.1 Sale of Products (Net)		
Manufactured :		
Hook & Loop Tape Fasteners	410,413,516	504,063,775
Elastic Tapes	12,697,000	117,299,500
Narrow Woven Fabrics	181,805,980	201,906,100
	<u>604,916,496</u>	<u>823,269,375</u>
Traded :		
Fibre glass Insect Screen	19,601,799	26,669,659
Knit Loop fabrics	-	6,480,738
Aluminium wire Mesh	10,130,634	2,688,502
Elastics	65,893,043	-
Others	9,593,070	14,436,198
	<u>105,218,546</u>	<u>50,275,097</u>
	<u>710,135,042</u>	<u>873,544,472</u>
22 OTHER INCOME		
Service Contract charges	9,266,448	13,514,436
Interest Income	891,332	663,427
Dividend Income	82,200	821,885
Commission Receipts	8,800	106,595
Profit on Sale of Assets	1,592,049	-
Net gain on foreign currency transaction and translation	1,335,665	-
Insurance claim received	-	8,380
Excess Provision write back	4,370,153	25,780
Miscellaneous income	21,848	3,096,703
	<u>17,568,495</u>	<u>18,237,206</u>
23 COST OF MATERIAL CONSUMED		
Opening Stock :		
Raw Materials	58,157,141	84,610,544
Raw Materials in Transit	6,022,398	10,218,964
	64,179,539	94,829,508
Add: Purchases	377,286,056	516,932,240
	441,465,595	611,761,748
Less: Closing Stock :		
Raw Materials	55,830,388	58,157,141
Raw Materials in Transit	1,306,277	6,022,398
	<u>57,136,665</u>	<u>64,179,539</u>
	<u>384,328,930</u>	<u>547,582,209</u>
23.1 Value of Raw Material Consumed		
Yarn	132,152,192	336,538,706
Rubber Thread	1,734,686	32,230,285
Hook & Loop - Semifinished	187,722,035	90,694,100
Resins & Chemicals	10,674,756	37,706,364
Others	52,045,261	50,412,754
	<u>384,328,930</u>	<u>547,582,209</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31 2013		Year Ended March 31 2012	
24 PURCHASE OF TRADED GOODS				
Fibre glass Insect Screen		10,627,772		18,966,795
Knit Loop fabrics		1,612,701		8,229,331
Aluminium wire Mesh		8,579,255		4,426,915
Elastics		43,612,121		-
Others		3,861,453		8,549,738
		<u>68,293,302</u>		<u>40,172,779</u>
24.1 Value of Traded Goods Purchased				
	<u>Year Ended March 31, 2013</u>		<u>Year Ended March 31, 2012</u>	
	Percentage	Amount	Percentage	Amount
Imported Purchases	34.66	23,667,601	80.34	32,274,890
Indigenous Purchases	65.34	44,625,701	19.66	7,897,889
	<u>100.00</u>	<u>68,293,302</u>	<u>100.00</u>	<u>40,172,779</u>
25 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS TRADED GOODS				
<u>Opening Inventory</u>				
Finished Goods				
Manufactured		92,296,014		76,897,100
Trading		12,108,910		9,874,267
		<u>104,404,924</u>		<u>86,771,367</u>
Work-In-Progress		39,415,851		37,610,165
		<u>143,820,775</u>		<u>124,381,532</u>
<u>Closing Inventory</u>				
Finished Goods				
Manufactured		76,384,365		92,296,014
Trading		8,970,717		12,108,910
		<u>85,355,082</u>		<u>104,404,924</u>
Work-In-Progress		32,825,506		39,415,851
		<u>118,180,588</u>		<u>143,820,775</u>
		<u>25,640,187</u>		<u>(19,439,243)</u>
26 EMPLOYEE BENEFITS EXPENSE				
Salaries and incentives		75,504,833		138,709,245
Contributions to Provident fund & other funds		1,787,695		4,571,626
Staff welfare expenses		2,223,368		5,121,993
		<u>79,515,896</u>		<u>148,402,863</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
27 FINANCE COST		
Interest Expense on Loan from Bank:		
Term Loan	5,792,368	9,322,572
Vehicle Loan	1,014,103	533,405
Working Capital Loan	17,176,350	18,770,558
Interest Expense on Loan from Others:		
Vehicle Loan	17,091	43,688
Shareholders Loan	365,262	721,920
Inter Corporate Deposit	1,946,541	409,068
Interest on Delayed Payment to Creditors	3,285,371	2,949,273
	<u>29,597,086</u>	<u>32,750,484</u>
28 OTHER EXPENSES		
A) Manufacturing Expenses		
Consumption of stores and spare parts (Refer Note 28.1)	4,191,264	11,484,045
Labour Charges	18,690,008	12,647,137
Power and Fuel	17,502,420	39,255,019
Repairs and Maintenance :		
Building	-	436,109
Machinery	1,083,400	2,318,213
Others	4,091,209	5,208,310
	<u>45,558,300</u>	<u>71,348,833</u>
B) Establishment Expenses		
Rent	22,450,415	26,698,436
Insurance	1,410,639	1,850,618
Rates and Taxes	1,692,824	3,700,340
Legal and Professional	4,342,690	4,555,303
Travelling & Other Conveyance	6,230,228	9,839,808
Postage, Telegram, Telephone & Courier	3,469,810	5,528,782
Printing & Stationery	1,320,010	2,569,688
Miscellaneous expenses	14,292,505	18,305,933
	<u>55,209,121</u>	<u>73,048,908</u>
C) Selling Expenses		
Net loss on foreign currency transaction and translation	-	7,174,996
Auditors Remuneration :		
(a) Auditor		
Audit Fees	486,676	583,446
Audit under other statutes	50,000	50,000
Certification	-	1,500
(b) Taxation Matters	-	74,000
(c) Reimbursement of Expenses	-	6,947
	<u>536,676</u>	<u>715,893</u>
Advertisement & Business, Sales Promotion	792,180	1,356,113
Freight, Cartage and Forwarding Expenses	17,780,083	23,947,727
Commission	2,889,190	4,030,667
Provision for doubtful debts	73,022	-
Bad Debts written off	-	259,265
Loss on sale/Impairment of assets	-	2,946,546
Discount - Scheme	-	2,884,204
Miscellaneous Balance Written off	-	1,529,882
Octroi Charges	721,191	1,211,115
Prior Period items	467,843	7,628
	<u>23,260,184</u>	<u>46,064,036</u>
	<u>124,027,605</u>	<u>190,461,775</u>

28.1 Value of Stores & Spares Consumed	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Percentage	Amount	Percentage	Amount
Imported Stores & Spares	14.07	589,737	31.40	3,605,984
Indigenous Stores & Spares	85.93	3,601,527	68.60	7,878,061
	<u>100.00</u>	<u>4,191,264</u>	<u>100.00</u>	<u>11,484,045</u>

SKY II SKY INDUSTRIES LIMITED - CONSOLIDATED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
29 OTHER NOTES		
(i) EARNINGS PER SHARE		
Loss attributable to Equity shareholders	3,781,321	(51,174,826)
Weighted average number of Equity shares outstanding (Nominal value of Shares Rs. 10)	3,976,400	3,976,400
Earnings per share (Basic & Diluted) in Rs.	0.95	(12.87)
(ii) PRIOR PERIOD EXPENSES		
During the year the company has accounted expenditure relating to Prior period in its Statement of Profit & Loss, bifurcation of such expenses is as under :		
Interest to others	93,672	449,813
Salaries, Wages & Bonus :		
- Gratuity	-	1,819,647
- Retainership Charges	20,865	384,132
Labour charges	10,233	-
Purchases of Rawmaterials	131,024	-
Other Sundry expenses	-	750
Professional & other fees	4,000	43,819
Rent	16,200	6,640
Stores & Spares	-	43,690
Travelling & other Conveyance	-	26,892
Postage, Telegram & Telephone	51,715	22,699
Printing & stationery	-	15,543
Staff Welfare	43,794	-
Repairs & Maintenance - Others	13,410	3,750
Freight, Cartage & Forwarding Expenses	82,930	85,498
Miscellaneous expenses	-	7,628
	467,843	2,910,501
(iii) CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF :		
a) Guarantees given by the Company's banker against counter guarantee given by the company	583,700	738,500
b) Guarantees given by the Company's banker on behalf of subsidiary, against counter guarantee given by the Company.	25,000,000	25,000,000
c) Income tax demand disputed by the Company	114,896	114,896
d) Cess Demand from Deputy Commissioner of Navi Mumbai Municipal Corporation	3,683,521	3,683,521
e) Bills Discounted with Banks	1,618,509	1,066,619
f) Sales tax demands pending with Commissionerate and disputed by the company	3,333,901	3,333,901
(iv) VALUE OF IMPORT ON CIF BASIS :		
(i) Raw Materials & Trading goods	220,288,059	232,878,816
(ii) Stores & Spares	589,737	2,768,033
(iii) Capital Goods	2,445,015	3,383,867
	223,322,811	239,030,715

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
(v) EXPENDITURE IN FOREIGN CURRENCY		
(i) Commission on Exports	3,465,548	4,979,803
(ii) Foreign Travel	230,084	528,317
(iii) Testing Expenses	-	559,804
	<u>3,695,632</u>	<u>6,067,924</u>
(vi) EARNING IN FOREIGN CURRENCY		
(i) FOB value of Exports	104,965,480	142,044,890
(ii) Insurance on Exports	577,584	59,187
(iii) Freight on Exports	1,679,130	2,881,308
(iv) Other charges	-	95,855
	<u>107,222,194</u>	<u>145,081,240</u>

(vii) EMPLOYEE BENEFITS

I. Defined Benefit Plans:

Contribution to Gratuity Fund

The Company makes annual contributions to the Employee's Group Gratuity-cum-Life assurance scheme of Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2013

Changes in present value of obligations

Opening balance	12,782,610	6,149,890
Current service Cost	1,182,522	1,642,549
Interest Cost	940,537	459,966
Benefits Paid	(2,051,795)	(800,632)
Actuarial (gain)/loss on obligation	(1,414,068)	5,330,837
Closing balance	<u>11,439,806</u>	<u>12,782,610</u>

Changes in Fair Value of Plan assets

Opening balance	7,304,007	7,192,289
Expected return on plan assets	489,825	546,839
Contributions by Employer	89,398	287,017
Benefits paid	(2,051,795)	(800,632)
Actuarial gain/(loss) on plan assets	49,355	78,494
Closing balance	<u>5,880,790</u>	<u>7,304,007</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	Year Ended March 31, 2013	Year Ended March 31, 2012
Actual Return on Plan Asset		
Expected return on plan assets	489,825	546,839
Acturial (gain)/loss on plan assets	49,355	-
Actual return on plan assets	<u>539,180</u>	<u>546,839</u>
Amount Recognised in the Balance sheet		
Liability at the end of the year	11,439,806	12,782,610
Fair Value of plan assets at the end of the year	5,880,790	7,304,007
Amount Recognised in the Balance Sheet	<u>5,559,016</u>	<u>5,478,603</u>
Net gratuity cost for the year		
Current Service Cost	1,182,522	1,642,549
Interest Cost	940,537	459,966
Expected return on plan assets	(489,825)	(546,839)
Net Actuarial (gain)/loss to be recognised	(1,463,423)	5,252,343
Net gratuity cost	<u>169,811</u>	<u>6,808,019</u>
Balance Sheet Recognition		
Opening net liability	5,478,603	(1,042,399)
Expenses as above	169,811	6,808,019
Employer's Contribution	(89,398)	(287,017)
Closing Net liability	<u>5,559,016</u>	<u>5,478,603</u>
Acturial Assumptions		
Discount Rate (p.a.)	8.00	8.00
Rate of return on plan assets	8.00	8.00
Salary escalation rate (p.a.)	5.00	3.00
II. Defined Contribution Plans:		
The Company has recognised the following amount as an expenses and included in the Note No-25 " Contribution to Provident and Other Funds :		
Contribution to Employee Providend Fund	1,047,493	2,722,584
Contribution to Employee State Insurance	494,118	1,586,328
Contribution to Maharashtra Labour Welfare Fund	3,852	13,284
	<u>1,545,463</u>	<u>4,322,196</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Note	As At March 31 2013	As At March 31 2012
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(viii) SEGMENT REPORTING

As the Company has only one primary business activity, Segment Reporting is not applicable.

(ix) RELATED PARTY DISCLOSURE :

(a) Relationships

i. Key management personnel/persons exercising significant influence & their relatives:

Mr. Nitin K. Motani
Mr. Shailesh S. Shah
Mr. Saurabh K. Motani
Mr. Sharad S Shah
Mr. Maikal Raorani
Mr. Mohit N Motani

ii. Enterprises over which Key management personnel exercise significant influence.

S.K. Exports
S.K. Silks
Shamots International
S.K.Overseas
SK Windtronics Private Ltd.
Jask Invogue Private Ltd.
Skay Finvest Private Ltd.
Novitas India Private Ltd

SKY INDUSTRIES LIMITED - CONSOLIDATED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

- b) The following transactions were carried out with the related parties in the ordinary course of business :
 Details relating to parties referred to in items (i) and (ii) :

Transactions	Key managerial personnel /persons exercising significant influence & their relatives (i)	Enterprises over which Keymanagement personnel exercising significant influence (ii)
Sales	- -	17,437,450 (35,285,381)
Service Charges Received	- -	10,661,713 (13,514,436)
Purchases	- -	1,551,819 (899,987)
Remuneration	10,380,000 (10,140,000)	- -
Rent	- -	11,862,450 (10,865,366)
Commission	- -	- -
Labour Charges	- -	- (33,090)
Sale of Fixed Assets	- -	- -
Purchase of Fixed Assets	- -	703,591 (6,116,646)

As per our Report of even date
 For and on behalf of
THANAWALA & COMPANY
 CHARTERED ACCOUNTANTS
 Firm Reg. No. 110948W

Sd/-
VIJAY K THANAWALA
 PROPRIETOR
 Membership No. 15632

Place : Mumbai, Dated: August 14, 2013

For and on behalf of the Board of Directors

Sd/-
Shailesh Shah
 Managing Director

Sd/-
Nitin Motani
 Chairman

DIRECTORS REPORT

To,

The Members,

The Directors have pleasure in submitting the Thirteenth Annual Report for the year ended March 31, 2013.

The year under review was challenging. The world trade and the economic activities continued to be affected by the slower economic growth as in earlier years, and it remained under the threat of global slowdown.

The performance of the company during the year was a little better than the last year. The company is constantly striving to improve its performance.

M/s Focus CPA Group Inc, being eligible offers themselves for reappointment.

On behalf of the Board Directors

**Sd/-
Nitin K. Motani
President**

INDEPENDENT ACCOUNTANTS REPORT

The Board of Directors and Stockholders
SKAY, Inc.
12631 E Imperial Highway, Suite B-103
Santa Fe Springs, California 90670

We have audited the accompanying balance sheet of SKAY, Inc. as of March 31, 2013, and the related statement of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SKAY, Inc. as of March 31, 2013, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

FOCUS CPA GROUP, INC.
July 31, 2013

BALANCE SHEET AS AT MARCH 31, 2013

Amount in USD

	As at 31.03.2013	As at 31.03.2012
ASSETS:		
CURRENT ASSETS:		
Cash	35	50
Accounts Receivable	66,750	33,009
Total Current Assets	<u>66,785</u>	<u>33,059</u>
PROPERTY & EQUIPMENT (Note 2):		
Property & Equipment	21,452	21,452
Less: Accumulated Depreciation	(21,452)	(21,452)
Total Property & Equipment	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>66,785</u></u>	<u><u>33,059</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	-	5,996
Bank overdraft	13,135	14,882
Taxes Payable - Income	-	-
Taxes Payable - Payroll	-	-
Total Current Liabilities	<u>13,135</u>	<u>20,878</u>
TOTAL LIABILITIES	<u>13,135</u>	<u>20,878</u>
STOCKHOLDERS' EQUITY		
Capital stock no par value; 1,000,000 shares authorized; 80,000 shares issued and outstanding	80,000	80,000
Retained earnings (deficit)	(26,350)	(67,819)
Total Stockholders' Equity	<u>53,650</u>	<u>12,181</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>66,785</u></u>	<u><u>33,059</u></u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

Amount in USD

	As at 31.03.2013	As at 31.03.2012
REVENUE:		
Commission Revenue	60,509	102,731
Loan forfeiture	-	57,507
Total Revenue	60,509	160,238
OPERATING EXPENSES:		
Auto Expenses	1,509	6,271
Bank Charges	472	1,919
Dues & Subscriptions	-	222
Insurance	332	5,994
Legal & Professional Expenses	1,600	4,615
Licence & Permit	345	135
Postage & Delivery	253	682
Rent (Note: 5)	935	31,599
Repairs & Maintenance	90	246
Salaries & Wages	8,687	70,072
Supplies	168	743
Taxes - Payroll	669	8,380
Telephone & Utilities	1,680	11,878
Travel	1,500	8,867
Total Operating Expenses	18,240	151,623
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAX PROVISION	42,269	8,615
OTHER INCOME (EXPENSES) & INCOME TAX	-	-
OTHER INCOME (EXPENSES)		
Misc. Income	-	-
Total Other Income (Expenses)	-	-
NET INCOME (LOSS) BEFORE INCOME TAX PROVISION	42,269	8,615
Provision for Income Tax	(800.00)	(800.00)
NET INCOME (LOSS)	41,469	7,815
BEGINNING RETAINED EARNINGS (DEFICIT)	(67,819)	(75,634)
ENDING RETAINED EARNINGS (DEFICIT)	(26,350)	(67,819)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Amount in USD

	As at 31.03.2013	As at 31.03.2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	41,469	7,815
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and Amortization	-	-
(Increase) decrease in:		
Accounts receivables	(33,741)	31,145
Advances	-	2,792
Deposits	-	1,429
Increase (decrease) in:		
Accounts payable	(5,996)	1,143
Payroll taxes payable	-	-
Income taxes payable	-	-
Bank overdraft	-	-
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	1,732	44,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / Disposition of Assets	-	-
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from officer	-	(57,507)
NET CASH PROVIDED / (USED) BY FINANCING ACTIVITIES	-	(57,507)
NET INCREASE IN CASH	1,732	(13,183)
CASH AT THE BEGINNING OF YEAR	(14,832)	(1,649)
CASH AT END OF YEAR	(13,100)	(14,832)

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 2013

1. Description of the Company:

The “Corporation” was incorporated in May 28, 1999 under the laws of the State of California to engage in the business of imports of merchandise. The Corporation is a wholly owned subsidiary of Sky Industries Limited. The “Corporation” operates from its main location in Santa Fe Springs, California.

2. Summary of Significant Accounting Policies:

This summary of significant accounting policies of the “Corporation” is presented to assist in understanding the company’s financial statements. These accounting policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements. The books and records of the “Corporation” are maintained on an accrual basis for financial and tax reporting purposes.

Property & Equipment:

Fixed assets are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line and accelerated methods using lives ranging from five to seven years. Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the improvements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the income for the period. Repairs and maintenance are charged to expense as incurred whereas significant improvements, which materially increase values or extend useful lives, are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Amortization of Organization Costs:

The organization costs are amortized using the straight line method over 5 years from the date the Corporation started its operation.

Management's Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Revenue

The “Corporation” recognizes revenue on accrual basis of accounting.

3. Income Taxes:

The provision for taxes is comprised of minimum tax liability for State of California.

4. Commitments and Contingencies:

Commencing on January 5th, 2006, the Company leased office facilities under an operating non-cancelable lease for twelve months ending on February 14, 2008 and since that date are on month to month lease under the same terms.

5. Related Party Transaction:

The company has earned commission from its sole stock holder of \$60,509 during the financial year ended March 31, 2013.

DIRECTORS' REPORT

To,
The Shareholders,
SK Stabel Industries Pvt Ltd
Mumbai.

The Directors take pleasure in submitting the 9th Annual Report and Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS AND OPERATIONS

Particulars	(Rs in Lacs)	
	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Sales and Other Income	373.02	173.05
Profit after Depreciation	14.28	(34.96)
Tax Expenses	9.37	12.31
Exceptional Items	-	-
Profit after Tax	4.91	(47.28)
Profit /Loss from discontinuing operations	-	-
Balance Retained in P&L Account	4.91	(47.28)

The Turnover during the year was Rs.373.02 lacs as compared to the previous year of Rs. 173.05 lacs, showing an increase of Rs.199.97 lacs. The PBT also has shown a good improvement compared to the previous year as a result of increase in the Income.

DIVIDEND

In view of the accumulated losses still lying in the accounts, the Directors do not recommend any dividend to the Shareholders for the ensuing year.

AUDITORS

M/s Thanawala & Co, Chartered Accountants, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for reappointment.

Your Directors have therefore proposed to reappoint M/s Thanawala & Co, Chartered Accountants, as Statutory Auditors of the Company, subject to the approval of the members at the ensuing Annual General Meeting.

The Company has received a letter from Thanawala & Co, 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.

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 endeavour to deliver long term shareholder value.

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

For and on behalf of the Board
Sd/-
Shailesh S Shah
Director

Date : 30th May 2013

Place : Mumbai

INDEPENDENT AUDITOR'S REPORT

To,
SK STABEL INDUSTRIES PRIVATE LIMITED.

We have audited the accompanying financial statements of *SK STABEL INDUSTRIES PRIVATE LIMITED*, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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.

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 misstatement of the financial statements, whether due to fraud or error. In making those risk 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.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date;

1. The Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India ('the Act') is not applicable.

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 and Statement of Profit and Loss, 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, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
THANAWALA & COMPANY
Chartered Accountants
Firm Reg. no. 110948W

Sd/-
[**V.K. Thanawala**]
Proprietor
Membership No. 15632

Place : Mumbai
Dated : 30/05/2013

SK STABEL INDUSTRIES PVT. LTD.

BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Particulars	Notes No.	As At March 31 2013	As At March 31 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	26,00,000	26,00,000
(b) Reserves and Surplus	2	(5,382,761)	(5,873,768)
(c) Money received against share warrants		-	-
(2) Share Application money pending allotment		89,472	89,472
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	2,777,006	200,000
(b) Deferred Tax Liabilities (Net)		3,070,584	2,133,589
(c) Other Long Term Liabilities	4	45,628,250	51,982,020
(4) Current Liabilities			
(a) Short-Term Borrowings	5	1,979,619	1,832,404
(b) Trade Payables	6	5,446,845	3,974,047
(c) Other Current Liabilities	7	93,758	131,751
(d) Short-Term Provisions	8	406,689	209,459
Total Equity & Liabilities		56,709,462	57,278,975
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		39,188,821	41,123,244
(ii) Intangible Assets		-	-
(iii) Capital Work-in-progress		-	-
(iv) Intangible Assets Under Development		-	-
		39,188,821	41,123,244
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	10	1,241,900	1,200,951
(e) Other non-current assets	11	36,235	54,352
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories	12	11,339,913	10,298,356
(c) Trade receivables	13	4,422,510	2,827,187
(d) Cash and cash equivalents	14	471,974	1,749,734
(e) Short-term loans and advances		-	-
(f) Other current assets	15	8,109	25,151
Total Assets		56,709,462	57,278,975
Significant Accounting Policies	24		
NOTES TO ACCOUNTS	25		

Notes referred to above and attached thereto form an integral part of Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

For and on behalf of

THANAWALA & COMPANY

Chartered Accountants

Firm Reg. no. 110948W

Sd/-

[V.K. Thanawala]

Proprietor

Membership No. 15632

Place : Mumbai,

Dated: 30/05/2013

For and on behalf of the Board of Directors

Sd/-

Shailesh Shah

Director

Sd/-

Nitin Motani

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	Notes No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I	Revenue from operations	16	37,128,465	17,263,815
II	Other Income	17	173,872	41,418
III	III. Total Revenue (I +II)		<u>37,302,337</u>	<u>17,305,233</u>
IV	<u>Expenses:</u>			
	Cost of materials consumed	18	25,536,454	11,128,239
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	(793,969)	(407)
	Employee Benefit Expense	20	3,601,029	3,600,214
	Financial Costs	21	562,184	424,631
	Depreciation and Amortization Expense	22	2,170,897	2,089,447
	Other Administrative Expenses	23	4,797,741	3,560,082
	Total Expenses (IV)		<u>35,874,336</u>	<u>20,802,206</u>
V	Profit before exceptional and extraordinary items & tax	(III - IV)	<u>1,428,001</u>	<u>(3,496,973)</u>
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		<u>1,428,001</u>	<u>(3,496,973)</u>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		<u>1,428,001</u>	<u>(3,496,973)</u>
X	<u>Tax expense:</u>			
	(1) Current tax		-	-
	(2) Deferred tax (Liabilities)		936,994	1,231,824
XI	Profit(Loss) from the period from continuing operations	(IX-X)	<u>491,006</u>	<u>(4,728,797)</u>
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		<u>491,006</u>	<u>(4,728,797)</u>

Notes referred to above and attached thereto form an integral part of Profit & Loss Statement

This is the Profit & Loss Statement referred to in our Report of even date.

For and on behalf of

THANAWALA & COMPANY

Chartered Accountants

Firm Reg. no. 110948W

Sd/-

[V.K. Thanawala]

Proprietor

Membership No. 15632

Place : Mumbai,

Dated: 30/05/2013

For and on behalf of the Board of Directors

Sd/-

Shailesh Shah

Director

Sd/-

Nitin Motani

Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars		As at 31 March, 2013		As at 31 March, 2012	
Note 1 Equity Share capital					
		Number of shares	Amount	Number of shares	Amount
(a)	Authorised Equity shares of Re 100/- each with voting rights	100,000	10,000,000	100,000	10,000,000
(b)	Issued, Subscribed and fully paid up Equity shares of Re 10/- each with voting rights	26,000	2,600,000	26,000	2,600,000
	Total	26,000	2,600,000	26,000	2,600,000

Note 1A Equity Share capital :-

- (i) Reconciliation of the number of shares outstanding and the amount of Share Capital as at 31/03/2012 and 31/03/2013

	As at 31.3. 2013		As at 31.3.2012	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	26,000	2,600,000	26,000	2,600,000
Outstanding at the end of the year	26,000	2,600,000	26,000	2,600,000

- (ii) Details of shareholders holding more than 5% shares in the company is as under

Class of shares / Name of shareholder Equity shares with voting rights	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
SKY INDUSTRIES LTD	259,999	100	259,999	100
TOTAL	259,999	100	259,999	100

NOTES FORMING INTEGRAL PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	As on 31.03.2013	As on 31.03.2012
Notes : 2 Reserve & Surplus			
	<u>General Reserve</u>		
	Balance as per Last account	80,000	80,000
	Transfer from Surplus Balance in the statement of Profit & Loss A/c	-	-
		80,000	80,000
	<u>Reserve & Surplus</u>		
	Surplus in the statement of Profit & Loss Account		
	Balance as per last Balance Sheet Profit / Loss for the year	(5,953,768)	(1,224,971)
	Add: Profit for the period	491,006	(4,728,797)
		(5,462,761)	(5,953,768)
	Total in Rs.	(5,382,761)	(5,873,768)
Notes : 3 Long Term Borrowings			
1	<u>From others</u>		
a)	From related parties (*)		
	Shailesh S. Shah	1,739,280	200,000
	Sharad Shah	1,037,726	-
	(*) The installment falling due within 12 months after report date is NIL as terms of repayment are not pre determined		
	Total in Rs.	2,777,006	200,000
Notes : 4 Other Long-Term Liabilities			
	<u>Others</u>		
i)	Trade / Security deposits received Mahendra Ribbons	500,000	500,000
ii)	Capital Goods	45,128,250	51,482,020
	Total in Rs.	45,628,250	51,982,020
Notes : 5 Short Term Borrowings			
	<u>Loan Repayable on Demand</u>		
	- From Bank	1,979,619	1,832,404
	Oriental Bank of Commerce (Against Hypothecation of Stock and Debtors)		
	Total in Rs.	1,979,619	1,832,404
Notes : 6 Trades Payable			
	<u>-Sundry Creditors for Materiel/Supplies:</u>		
		5,446,845	3,974,047
	Total in Rs.	5,446,845	3,974,047
Notes : 7 Other Current Liabilities			
	<u>Statutory Remittances</u>		
	Professional Tax Payable	32,550	26,350
	TDS Payable	56,956	29,551
	Service Tax on GTA	-	11,312
	Outstanding Expenses	4,252	64,538
	Total in Rs.	93,758	131,751
Notes : 8 Short Term Provisions			
	<u>Provision For Employees Benefit</u>		
	Retainership Payable	239,152	22,033
	Salary Payable	45,649	128,610
	Bonus Payable	14,000	23,423
	Incentives Payable	30,529	-
	<u>Provision for Expenses</u>		
	Professional Fees - Thanawala & Co.	77,359	35,393
	Total in Rs.	406,689	209,459

NOTES FORMING INTEGRAL PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

Notes : 9 Fixed Assets

(Amount in Rs.)

Sr. No	Particulars	Rate %	Gross Block			Depreciation			Net Block	
			Balance as on 01/04/2012	Additions	Balance as on 31/03/2013	Balance as on 01/04/2012	During the Year	Balance as on 31/03/2013	Balance as on 31/03/2013	Balance as on 31/03/2012
	<u>Tangible Assets</u>									
1	Computer	40%	85,976	-	85,976	76,189	3,915	80,104	5,872	9,787
2	Computer Software	40%	16,478	-	16,478	11,131	2,139	13,270	3,208	5,347
3	Elect. Installation	13.91%	702,828	-	702,828	72,274	87,710	159,984	542,844	630,554
4	Plant & Machinery	13.91%	30,415	-	30,415	8,728	3,017	11,744	18,671	21,687
5	Plant & Machinery (SLM)	4.75%	42,927,120	218,357	43,145,477	2,534,794	2,044,024	4,578,818	38,566,659	40,392,326
6	Furniture & Fixture	18.10%	169,745	-	169,745	117,753	9,411	127,164	42,581	51,992
		18.10%	8,000	-	8,000	2,540	988	3,528	4,472	5,460
7	Vehicles	25.89%	13,850	-	13,850	7,760	1,577	9,336	4,514	6,090
	Total Rs.		43,954,412	218,357	44,172,769	2,831,168	2,152,780	4,983,948	39,188,821	41,123,244

NOTES FORMING INTEGRAL PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	As on 31.03.2013	As on 31.03.2012
---------	-------------	------------------	------------------

Notes : 10 Long Term Loans and AdvancesSecurity Deposit

- a) Secured, Considered Good :
Other Deposit

499,591 499,591

Loans & AdvancesUnsecured considered Good

- Others 692,309
Related Parties 50,000

742,309 701,360

Total in Rs.

1,241,900 1,200,951

Notes : 11 Other Non Current AssetsUnamortised Expenses

- Preliminary Expenses

36,235 54,352

Total in Rs.

36,235 54,352

Notes : 12 Inventories

	Current	Non Current	Current	Non Current
1 Raw Material	3,392,343	6,775,875	2,144,755	7,775,875
2 Finished Goods	1,171,695	-	377,726	-
Total in Rs.	4,564,038	6,775,875	2,522,481	7,775,875

Notes : 13 Trade Recievables

- 1 Outstanding for (more than six months from the date they were due for payment)

- b) Unsecured, Considered Good :

3,935,830 -

- 2 Others

- a) Secured, Considered Good :

- -

- b) Unsecured, Considered Good :

486,680 2,827,187

Total in Rs.

4,422,510 2,827,187

Notes : 14 Cash & Cash EquivalentCash-in-Hand

- Cash Balance

118,556 33,771

- Petty Cash Balance

3,000 3,000

Sub Total (A)

121,556 36,771

Bank BalanceIn Current Account :

- State Bank of India

4,497 4,497

- Oriental Bank of Commerce

10,921 3,966

- Margin Deposit with OBC

335,000 1,704,500

Sub Total (B)

350,418 1,712,963

Total [A + B]

471,974 1,749,734

Notes : 15 Other Current Assets

- Interest Receivable on Margine Money

8,109 25,151

Total in Rs.

8,109 25,151

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNTS AS AT 31ST MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Notes : 16 Revenue from Operations			
1	Local Sales	37,047,020	17,209,084
2	Sales Scrap	81,445	54,731
	Total in Rs.	37,128,465	17,263,815
Notes : 17 Other Income			
1	Excess Provision w/back	23,309	10,640
2	Interest on Margine Money	38,584	21,337
3	Interest on Income tax	-	199
4	Miscellaneous Income	-	9,242
5	Sundry Balance W/off	111,979	-
	Total in Rs.	173,872	41,418
Notes : 18 Cost of Material Consumed			
1	<u>PURCHASES OF RAW MATERIALS AND STORES</u>		
	Opening Stock	9,920,630	10,041,106
	Add : Purchase	25,784,042	11,007,763
		35,704,672	21,048,869
	Less : Closing Stock	10,168,218	9,920,630
		45,872,890	30,969,499
	Total in Rs.	25,536,454	11,128,239
Notes : 19 Change in Inventories			
1	<u>Opening Stock</u>		
	Finished Goods	377,726	377,319
		377,726	377,319
2	<u>Closing Stock</u>		
	Finished Goods	1,171,695	377,726
	Total in Rs.	(793,969)	(407)
Notes : 20 Employment Benefit Expenses			
	Salaries Bonus and other benefits	3,601,029	3,600,214
	Total in Rs.	3,601,029	3,600,214
Notes : 21 Financial Cost			
1	Exchange Rate difference	102,675	15,778
2	Interest on Loan	85,562	-
3	Bank Interest	211,259	235,008
4	Bank Charges & commission	113,491	76,693
5	Interest to Supplier	49,197	97,152
	Total in Rs.	562,184	424,631
Notes : 22 Depreciation & Amortised Cost			
1	Depreciation	2,152,780	2,071,330
2	Preliminary Expenses W/O	18,117	18,117
	Total in Rs.	2,170,897	2,089,447

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNTS AS AT 31ST MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Notes : 23 Other Expenses			
<u>Manufacturing Expenses</u>			
1	Processing Labour Charges	1,916,172	867,043
2	Power & Fuel (Electricity Charges)	550,294	347,027
3	Packing, Freight & Forwarding	212,645	198,270
4	Loading & Unloading	500	6,200
5	Canteen Exp.	72,407	56,038
6	Service Tax on GTA Payable	-	14,909
7	Water Charges	62,758	29,662
Total in Rs. (A)		2,814,776	1,519,149
<u>Selling and Distribution Expenses</u>			
1	Commission Brokerage	533	-
2	Exhibition Expenses	-	31,505
3	Freight Forwarding Outward	78,283	53,113
4	Sales Promotion Exp.	673	-
5	Samples	-	234
6	Travelling Expenses	11,006	112,134
7	Discount	333,815	105,628
Total in Rs. (B)		424,310	302,614
<u>Establishment Expenses</u>			
1	Legal Expenses	6,710	2,947
2	Postage & Telegram	22,975	66,187
3	Professional Charges	141,551	86,512
4	Stationery Expenses	14,636	45,598
5	Auditors Remuneration	46,629	44,841
6	Repairs & Maint.	32,576	184,097
7	Service Contract Charges	529,148	464,187
8	Miscellaneous Exp.	43,886	42,058
9	Insurance	124,101	63,967
10	Computer Expenses	1,200	5,623
11	Conveyance Exp.	38,556	33,265
12	Filing Fees	-	520
13	Security Expenses	196,686	181,995
14	Rent, Rates & Taxes	360,000	481,336
15	Sundry Balance W/off	-	28,022
16	Software Expenses	-	4,860
17	Interest on Delay Payment	-	2,305
Total in Rs. (C)		1,558,655	1,738,319
Total in Rs. (A+B+C)		4,797,741	3,560,082

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st March, 2013**24 Significant Accounting Policies-****24.1 Basis for preparation of financial statements**

The financial statements have been prepared on historical cost convention and as a going concern and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the Section 211(3C) of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

Estimates and Assumptions used in the preparation of financial statements are based upon the management's evaluation of relevant fact and the circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

24.2 Inventories :

'Inventories are valued at cost or net realizable value whichever is lower; cost is ascertained on the following basis :

- a. Raw Material, Packing Material, tools, spares and consumable are valued at cost on plus direct cost incurred to bring the stock to its existing level.
- b. Work in progress/ Finished Goods are valued at cost of manufacturing based on cost of Raw material and labour and overheads cost up to the relevant stage of completion.
- c. Cost includes taxes and duties as applicable.

24.3 Cash and cash equivalents (for purposes of Cash Flow Statement) :

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

24.4 Depreciation :

Depreciation on all tangible assets, except Plant & Machinery acquired after March 2011 as considered on State Line Method, has been calculated on Written Down Value Method (WDV) as per the rates and manner prescribed under Schedule XIV of the Companies Act, 1956.

24.5 Revenue Recognition :

Sales are accounted on net of tax less sales Returns/ rejection. Revenue from sale of products is recognized upon passage of title to the customer on acceptance of goods which generally coincides with the dispatch of materials.

Dividend Income is recognized when the right to receive the dividend is unconditional at the Balance Sheet date.

Interest Income is recognized on accrual basis.

24.6 Fixed Asset :

Fixed Assets are accounted at cost of acquisition or construction. Fixed assets are capitalized net of CENVAT / VAT for which credit is taken and includes borrowing cost directly attributable to construction or acquisition of fixed assets, up to the date the asset is ready to use.

24.7 Employee benefits Costs :

The liabilities in respect of Bonus and for Leave Encashment are provided on mercantile basis.

24.8 Borrowing costs :

Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

24.9 Related Party Transactions :

The related parties are identified by the management of the Company and relied upon by the Auditors. The related party transactions are reported at their net value (Including indirect taxes).

24.10 Taxes on income :

Tax Expenses for the year, comprising Current Tax including Wealth Tax, and is included in determining the net profit for the year. A provision is made for the current tax and based on tax liability computed in accordance with relevant tax rates and tax laws.

Current and deferred tax relating to items directly recognized in equity is recognized in equity and not in the Statement of Profit and Loss Account.

24.11 Deferred Tax- Asset/ Liability :

The 1Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India, has become applicable to the Company. The Deferred Tax is recognized for all timing differences 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 and measured using relevant enacted tax rates. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

24.12 Miscellaneous Expenditure :

Miscellaneous expenditure is written off over a period of future economic benefit available not exceeding five years.

25 Additional information to the Financial Statements for the year ended 31/03/2013

25.1 Contingent liabilities and commitments

PARTICULARS	As on 31/03/2013	As on 31/03/2012
(i) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	NIL	NIL

25.2 Value of Imports calculated on CIF basis

Raw Materials & Component	4,329,724	9,124,421
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25.3 Expenditure in foreign currency

Foreign Travel	NIL	NIL
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25.4 Details of consumption of imported and indigenous items

		%		%
Raw Materials & Component				
Imported Raw Materials	4,329,724	16.97	1,732,363	15.57
Indigenous Raw Materials	21,183,885	83.03	9,395,876	84.43
	<hr/> 25,513,609		<hr/> 11,128,239	

25.5 Segment Reporting

The Company is in the business of manufacturing of velvet ribbon only, which have similar risk and returns and also similar market conditions of demand and supply. The segment reporting based on geographical risk factor which may be present in different countries is also not applicable, as the company has substantial sales in the domestic market. Thus, there is only one identified reportable segment that is narrow fabrics.

25.6 Related party Transaction

Disclosure of transactions with related parties, as required by Accounting Standard 18 [AS-18] on Related Party Disclosures has been given in para (i) & (ii) below. Related parties relationship under the Accounting Standard have been identified by the Company.

i. Key Management Personnel & their relatives

Mr Saurabh K. Motani	-	Director
Mr. Nitin K. Motani	-	Director
Mr Shailesh S. Shah	-	Director

ii. Entities where Key Management Personnel or relatives of Key Management Personnel have significant influence

Sky Industries Limited
S. K. Overseas
Shamots International

iii. The following transactions were carried out with the related parties in the ordinary course of business:

Particulars	Associates	Key Managerial Personnel
Services Charges Paid	529,148	-
Purchase (Raw Material)	1,758,704	-
Purchase Plant & Machinery	218,357	-
Stores	25,636	-
Sales	1,166,925	-

25.7 Previous year figures

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per Our Report of Even date

For and on Behalf of
THANAWALA & COMPANY
Chartered Accountants
Firm Reg. no. 110948W

For S. K. Stabel Industries Private Limited

Sd/-
[**V.K. Thanawala**]
Proprietor
Membership No. 15632

Sd/-
Shailesh Shah
Director

Sd/-
Nitin Motani
Director

Place : Mumbai,
Dated: 30/05/2013

SKY HEMMAY PVT. LTD.**DIRECTORS' REPORT**

To,
The Shareholders,
Sky Hemmay Pvt Ltd
Mumbai.

The Directors take pleasure in submitting the 6th Annual Report and Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS AND OPERATIONS:

Particulars	(Rs in Lacs)	
	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Sales and other Income	676.29	596.79
Profit after Depreciation	79.17	13.75
Tax Expenses	26.32	5.37
Exceptional Items	-	-
Profit after Tax	52.85	8.37
Profit/Loss from discontinuing operations	-	-
Balance retained in P&L account	16.92	8.37

The Turnover during the year was Rs.676.29 lacs as compared to the previous year of Rs.596.79 lacs. There is an increase of 13% in the turnover. PAT has increased substantially owing to improved operational costs and control of expenditures.

DIVIDEND

Inview of the good performance and increase in profitability, the Directors are pleased to propose a dividend of Rs. 28,99,550, a Rupee / share to the shareholders.

AUDITORS

M/s Thanawala & Co, Chartered Accountants, Mumbai, the statutory auditors of the Company, hold the office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Your Directors propose to reappoint Thanawala & Co, Chartered Accountants as statutory Auditors of the Company subject to the approval of the members at the ensuing Annual General Meeting.

The Company has received letters from Thanawala & Co, 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.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

- 1) That in preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- 2) That they 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 profit of the company for the year.
- 3) That they 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.
- 4) That they have prepared the annual accounts on a going concern basis.

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 endeavour to deliver long term shareholder value.

Your Directors would like to thank all investors, customers, financial institutions, vendors, banks, government authorities and business / alliance and technology partners for their unstinted support.

By Order of the Board of Directors

Sd/-

Saurabh Motani
Director

Place: Mumbai
Date: 30.05.2013

INDEPENDENT AUDITOR'S REPORT

,To,

SKY HEMMAY PRIVATE LIMITED

We have audited the accompanying financial statements of **SKY HEMMAY PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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.

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 misstatement of the financial statements, whether due to fraud or error. In making those risk 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.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date;
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
THANAWALA & COMPANY
 Chartered Accountants
 Firm Reg. no. 110948W

Sd/-
[V.K. Thanawala]
 Proprietor
 Membership No. 15632

Place : Mumbai
 Dated : 30/05/2013

ANNEXURE TO INDEPENDENT AUDITORS REPORT

Referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed of during the year.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No major material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (b) The Company has taken Unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956; The loans have been received from one party the year end Balance of Loan taken from such parties was Rs.2,00,000/-.
- (c) In our opinion and according to the information and explanations given to us, the rates of interest and other terms and conditions on which from companies, firms or other parties listed in the register maintain under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company;
- (d) As explained to us, in respect of the loans taken there are no stipulations as to repayment.
- (e) There is no overdue amount of loans, Secured or unsecured, taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 as there is no stipulation for repayment.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. (a) The transactions made in pursuance of contracts of arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register;
- (b) In our opinion and according to the information and explanations given to us, these transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public and consequently the provision of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 are not applicable.
7. As the affairs of the Company are looked after by the Directors themselves, the Company does not possess a system of Internal Audit.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facies*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amount payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. 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 repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a *nidhi* /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of Para 4(xiv) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

Sd/-
[V.K. Thanawala]
Proprietor
Membership No. 15632

Place : Mumbai
Dated : 30/05/2013

BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Particulars	Notes	As At March 31, 2013	As At March 31, 2012
I. EQUITY AND LIABILITIES			
<u>(1) Shareholder's Funds</u>			
(a) Share Capital	1	28,995,500	28,995,500
(b) Reserves and Surplus	2	7,065,426	5,172,863
(c) Money received against share warrants	-	-	-
<u>(2) Share Application money pending allotment</u>			
<u>(3) Non-Current Liabilities</u>			
(a) Long-Term Borrowings		200,000	-
(b) Deferred Tax Liabilities (Net)	3	1,506,149	1,623,342
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
<u>(4) Current Liabilities</u>			
(a) Short-Term Borrowings	4	-	2,483,148
(b) Trade Payables	5	8,589,216	8,957,933
(c) Other Current Liabilities	6	415,118	353,161
(d) Short-Term Provisions	7	7,634,810	2,065,595
Total Equity & Liabilities		54,406,218	49,651,542
II. ASSETS			
<u>(1) Non-Current Assets</u>			
(a) Fixed Assets	8		
(i) Tangible Assets		22,406,462	27,409,842
(ii) Intangible Assets		41,577	69,295
(iii) Capital Work-in-progress		2,384,844	-
(iv) Intangible Assets Under Development		-	-
		24,832,883	27,479,137
(b) Non-current investments	9	50,000	50,000
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	10	1,456,000	76,000
(e) Other non-current assets	11	-	56,512
<u>(2) Current Assets</u>			
(a) Current investments	12	203,000	203,000
(b) Inventories	13	13,631,997	13,338,246
(c) Trade receivables	14	7,682,661	6,568,868
(d) Cash and cash equivalents	15	4,360,559	956,009
(e) Short-term loans and advances	16	2,189,117	923,770
(f) Other current assets		-	-
Total Assets		54,406,218	49,651,542
Significant Accounting Policies	26		
NOTES TO ACCOUNTS	27		

Schedules referred to above and notes attached there to form an integral part of Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

For and on behalf of

For SKY HEMMAY PVT. LTD.

THANAWALA & COMPANY

Chartered Accountants

Firm Reg. no. 110948W

Sd/-

Sd/-

Sd/-

[V.K. Thanawala]

Shailesh Shah

Saurabh Motani

Proprietor

Director

Director

Membership No. 15632

Place : Mumbai,

Dated: 30/05/2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	Notes	For the year ended 31.03.2013	For the year ended 31.03.2012
	<u>INCOME</u>			
I	Revenue from operations	17	67,441,201	59,270,775
II	Other Income	18	188,606	408,422
III	<i>III. Total Revenue (I + II)</i>		<u>67,629,807</u>	<u>59,679,197</u>
IV	<u>Expenses:</u>			
	Cost of materials consumed	19	29,034,492	29,529,377
	Purchase of Stock in Trade	20	-	67,568
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	1,817,322	-2,308,477
	Employee Benefit Expense	22	10,160,623	10,441,746
	Financial Costs	23	555,404	1,207,688
	Depreciation and Amortization Expense	24	3,914,873	4,456,108
	Other Administrative Expenses	25	14,229,251	14,909,892
	<i>Total Expenses (IV)</i>		<u>59,711,964</u>	<u>58,303,903</u>
V	Profit before exceptional and extraordinary items and tax (III - IV)		<u>7,917,843</u>	<u>1,375,295</u>
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		<u>7,917,843</u>	<u>1,375,295</u>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		<u>7,917,843</u>	<u>1,375,295</u>
X	<u>Tax expense:</u>			
	(1) Current tax		2,750,000	255,000
	(2) Deferred tax		-117,193	282,343
XI	Profit(Loss) from continuing operations	(IX-X)	<u>5,285,036</u>	<u>837,952</u>
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		<u>5,285,036</u>	<u>837,952</u>
XVI	Earning per equity share:			
	(1) Basic		2	-
	(2) Diluted		2	-

Schedules referred to above and notes attached there to form an integral part of Profit & Loss Statement

This is the Profit & Loss Statement referred to in our Report of even date.

For and on behalf of

For SKY HEMMAY PVT. LTD.

THANAWALA & COMPANY

Chartered Accountants

Firm Reg. no. 110948W

Sd/-

[V.K. Thanawala]

Proprietor

Membership No. 15632

Place : Mumbai,

Dated: 30/05/2013

Sd/-

Shailesh Shah

Director

Sd/-

Saurabh Motani

Director

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Particulars		As at 31 March, 2013		As at 31 March, 2012	
Note 1A Equity Share capital					
		Number of shares	Amount	Number of shares	Amount
(a)	Authorised Equity shares of Re 10/- each with voting rights	3,000,000	30,000,000	3,000,000	30,000,000
(b)	Issued, Subscribed and fully paid up Equity shares of Re 10/- each with voting rights	2,899,550	28,995,500	2,899,550	28,995,500
	Total	2,899,550	28,995,500	2,899,550	28,995,500

Note 1A1 Equity Share capital :-

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	Closing Balance
Equity shares with voting rights Year ended 31 March, 2013				-
- Number of shares	2,899,550	-	-	2,899,550
- Amount	28,995,500	-	-	28,995,500
Year ended 31 March, 2012				
- Number of shares	2,899,550	-	-	2,899,550
- Amount	28,995,500	-	-	28,995,500

- (ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
Equity shares with voting rights	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Sky Industries Ltd.	1,478,770	51%	1,478,770	51%
Good Excess Co. Ltd.	1,020,907	35%	1,020,907	35%
Rich Team Investment Ltd	283,891	10%	283,891	10%
TOTAL	2,783,568	96%	2,783,568	96%

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Notes : 2 Reserve & Surplus			
1	Capital Reserve		
	General Reserve	550,000	550,000
	Transferred from Profit & Loss A/c	200,000	-
	A	750,000	550,000
	Surplus (Profit & Loss Account)	-	-
	Balance brought forward from previous year	4,622,863	3,784,912
	Add: Profit for the period	5,285,036	837,951
	Less : Dividend Proposed	2,899,550	-
	Tax on Dividend	492,924	-
	Transferred to General Reserve	200,000	-
	B	6,315,426	4,622,863
	Total in Rs.	7,065,426	5,172,863
	A+B = C		
Long Term Borrowings			
<u>From others</u>			
a)	From related parties (*)		
	Saurabh K. Motani	200,000	-
	(*) The installment falling due within 12 months after report date is NIL as terms of repayment are not pre determined		
	Total in Rs.	200,000	-
Notes : 3 Deferred Tax Liabilities (Net)			
<u>Deferred Tax Liabilities</u>			
	Related to Fixed Assets	1,506,149	1,623,342
	Total in Rs.	1,506,149	1,623,342
Notes : 4 Short Term Borrowings			
1	<u>Loan Repayable on Demand</u>		
	- From Bank	-	2,483,148
	Total in Rs.	-	2,483,148
Notes The over draft facilities from Shamrao Vitthal Co-op Bank is against stock and debtors.			
Notes : 5 Trades Payable			
<u>Sundry Creditors for Materiel/Supplies:</u>			
1	Creditors Raw Material	4,532,261	2,586,812
2	Creditors Expenses	1,289,722	1,350,557
3	Creditors Others	38,205	24,502
4	Creditors Intercompany	2,729,028	4,996,062
	Total in Rs.	8,589,216	8,957,933
Notes : 6 Other Current Liabilities			
(a)	<u>Statutory Remittances</u>		
	VAT Payable	861	328
	PF Payable	34,310	39,614
	TDS Payable	47,718	70,708
(b)	Advance from Customers	332,229	242,511
	Total in Rs.	415,118	353,161
Notes : 7 Short Term Provisions			
1	<u>Provision For Employees Benefit</u>		
	Retainership Payable	-	170,661
	Salary Payable	521,041	552,117
	Incentives Payable	7,500	7,500
	Bonus Payable	158,795	201,585
2	<u>Others</u>		
	Electricity & Power Charges Payable	-	293,988
	Audit Fees	-	34,744
	Provision for Taxation	3,555,000	805,000
	Proposed Dividend	2,899,550	-
	Dividend distribution Tax	492,924	-
	Total in Rs.	7,634,810	2,065,595

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

Notes : 8 Fixed Asset

(Amount in Rs.)

Sr. No	Particulars	Rate %	Gross Block				Depreciation				Net Block	
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31/03/2013	WDV as on 31/03/2012
I	<u>Tangible Assets</u>											
1	Plant & Machinery	13.91	38,862,043	0	1,340,675	37,521,368	11,763,818	3,769,363		15,533,181	21,988,187	27,098,225
2	Electrical Installations	13.91	365,502	0	-	365,502	148,726 0	30,154	-	178,880	186,622	216,776
3	Computer	40.00	81,042	124,338	-	205,380	44,251	14,716	-	58,967	146,413	36,791
4	Office Equipments	20.00	70,965	13,000	-	83,965	19,180	12,514	-	31,694	52,271	51,785
5	Furnitures & Fixtures	18.10	7,650	30,600	-	38,250	1,385	3,896	-	5,280	32,970	6,265
	SUB TOTAL (A)		39,387,202	167,938	1,340,675	38,214,465	11,977,360	3,830,643	-	15,808,003	22,406,462	27,409,842
II	<u>Intangible Assets</u>	40.00	115,491	-	-	115,491	46,196	27,718	-	73,914	41,577	35,000
	SUB TOTAL (B)		115,491	-	-	115,491	46,196	27,718	-	73,914	41,577	35,000
III	<u>Capital Work-in-progress</u>											
1	Plant & Machinery		-	1,540,175	-	1,540,175	-	-	-	-	1,540,175	-
2	Electrical Installations		-	435,881	-	435,881	-	-	-	-	435,881	-
3	Furnitures & Fixtures		-	408,788	-	408,788	-	-	-	-	408,788	-
	SUB TOTAL (C)		-	2,384,844	-	2,384,844	-	-	-	-	2,384,844	-
IV	<u>Intangible Assets Under Development</u>		-	-		-	-	-	-	-	-	-
	SUB TOTAL (D)		-	-	-	-	-	-	-	-	-	-
	Total [A + B + C + D] (Current Year)		39,502,693	2,552,782	1,340,675	40,714,800	12,023,556	3,858,361	-	15,881,917	24,832,883	27,444,842
	(Previous Year)		35,203,292	4,299,401	-	39,502,693	7,623,960	4,399,596	-	12,023,556	27,479,137	27,579,332

NOTES FORMING INTEGRAL PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
<u>Notes : 9 Non Current Investment</u>			
1	<u>Investment in Equity Instrument</u> Shamrao Vitthal Co-op. Bank	50,000	50,000
	Total in Rs.	<u>50,000</u>	<u>50,000</u>
<u>Notes : 10 Long Term Loans and Advances</u>			
I)	<u>Security Deposit</u> a) Secured, Considered Good : Other Deposit	1,456,000	76,000
II)	<u>Loans & Advances to related parties</u>	-	-
III)	<u>Other Loans & Advances</u>	-	-
	Total in Rs.	<u>1,456,000</u>	<u>76,000</u>
<u>Notes : 11 Other Non Current Assets</u>			
1	<u>Unamortised Expenses</u> Priliminary Expenses	-	-
	Total in Rs.	<u>-</u>	<u>56,512</u>
<u>Notes : 12 Current Investment</u>			
1	In Short term Fixed Deposits	203,000	203,000
	Total in Rs.	<u>203,000</u>	<u>203,000</u>
<u>Notes : 13 Inventories</u>			
1	Raw Material	8,328,376	6,217,303
2	Work-in-Progress	2,621,121	2,618,699
3	Finished Goods	2,682,500	4,502,244
	Total in Rs.	<u>13,631,997</u>	<u>13,338,246</u>
<u>Notes : 14 Trade Recievables</u>			
1	<u>Outstanding for (more than six months from the date they were due for payment)</u> b) Unsecured, Considered Good :	6,150,667	-
2	<u>Others</u> a) Secured, Considered Good : b) Unsecured, Considered Good :	-	-
	Total in Rs.	<u>1,531,994</u>	<u>6,568,868</u>
		<u>7,682,661</u>	<u>6,568,868</u>

NOTES FORMING INTEGRAL PART OF THE BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Notes : 15 Cash & Cash Equivalent			
1	<u>Cash-in-Hand</u>		
	Cash Balance	67,911	56,241
	Petty Cash Balance	-	-
	Sub Total (A)	<u>67,911</u>	<u>56,241</u>
2	<u>Bank Balance</u>		
	<u>In Current Account :</u>		-
	Oriental Bank of Commerce	1,794,438	899,768
	Shamrao Vittal Co-op Bank	2,498,211	-
	Sub Total (B)	<u>4,292,649</u>	<u>899,768</u>
3	<u>Cheques on Hand</u>	(C) -	-
	Total [A + B + C]	<u><u>4,360,559</u></u>	<u><u>956,009</u></u>

Notes : 16 Short Terms Loans and Advances

1	Loans & Advances to related parties		
	<u>a) Secured, Considered Good :</u>		
	Advance to Associate Concerns	263,025	-
	<u>b) Unsecured, Considered Good :</u>		
	Loans & Advance to employees	13,497	13,497
	Prepaid Expenses	11,687	12,252
	<u>Balance with govt. authorities</u>		
	DEPB / Draw Back Receivable	-	1,464
	IT Refund Receivable	117,963	117,963
	TDS Receivable	28,091	19,543
	VAT refund receivable	37,561	-
2	Others		
	<u>Advance Recoverable in cash or in kind or for value to be considered good</u>		
	Advance to Suppliers	1,083,199	-
	Advance Income Tax/Refund Due	550,000	550,000
	Balance With Revenue Authorities (DEPB Receivable)	4,366	151,517
	Interest Receivable	79,728	57,534
	Total in Rs.	<u><u>2,189,117</u></u>	<u><u>923,770</u></u>

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNTS AS AT 31ST MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
<u>Notes : 17 Revenue from Operations</u>			
1	Local Sales	65,354,193	57,648,612
2	Export Sales	1,991,181	1,449,781
3	Sales Scrap	95,828	97,411
4	Other operating revenues	-	74,971
	Total in Rs.	<u>67,441,201</u>	<u>59,270,775</u>
<u>Notes : 18 Other Income</u>			
	Difference in exchange	57,642	-
	Commission Receipts	8,800	106,595
	Discount Received		720
	Dividend Income	6,900	6,900
	Duty Drawback Income	64,137	40,336
	Excess Provision w/back	4,626	9,108
	Interest on Margin Money	24,661	22,761
	Sundry Balance W/off	6,189	222,003
	Miscellaneous Income	15,652	-
	Total in Rs.	<u>188,606</u>	<u>408,422</u>
<u>Notes : 19 Cost of Material Consumed</u>			
<u>PURCHASES OF RAW MATERIALS AND STORES</u>			
1	Opening Stock	6,217,303	3,557,455
	Add : Purchase	31,145,565	32,189,225
		<u>37,362,868</u>	<u>35,746,680</u>
2	Closing Stock	8,328,376	6,217,303
	Total in Rs.	<u>29,034,492</u>	<u>29,529,377</u>
	Cost of Materials Consumed		
<u>Notes : 20 Purchase of Traded Goods</u>			
	Purchase	-	67,568
	Total in Rs.	<u>-</u>	<u>67,568</u>
<u>Notes : 21 Change in Inventories</u>			
1	Opening Stock		
	Finish Goods	4,502,244	2,053,514
	Work-in-progees	2,618,699	2,758,952
		<u>7,120,943</u>	<u>4,812,466</u>
2	Closing Stock	5,303,621	7,120,943
	Net (Increase) / Decrease	<u>1,817,322</u>	<u>(2,308,477)</u>
<u>Notes : 22 Employment Benefit Expenses</u>			
1	Salaries, Bonus,	9,918,391	10,192,316
2	Contribution to P.F & Other Funds	242,232	249,430
	Total in Rs.	<u>10,160,623</u>	<u>10,441,746</u>

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNTS AS AT 31ST MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
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Notes : 23 Financial Cost

1	Interest on Cash Credit Facility	176,311	299,684
2	Interest on delay payment	220,162	274,583
3	Bank Charges & commission	158,931	351,856
4	Exchange Rate Difference	-	281,565
	Total in Rs.	<u>555,404</u>	<u>1,207,688</u>

Notes : 24 Depreciation & Amortised Cost

1	Depreciation	3,858,361	4,399,596
2	Preliminary Expenses W/O	56,512	56,512
	Total in Rs.	<u>3,914,873</u>	<u>4,456,108</u>

Notes : 25 Other Expenses

Manufacturing Expenses

1	Processing Labour Charges	1,290,752	1,176,091
2	Power & Fuel (Electricity Charges)	3,670,691	3,270,143
3	Packing, Freight & Forwarding	672,178	764,657
4	Repair & Maintenance	30,897	232,056
5	Octroi Charges	-	2,136
6	Loading & Unloading	54,685	87,933
7	Testing Charges	649,184	560,304
8	Rent Rates & Taxes	1,992,028	2,154,500
9	Canteen Exp.	125,798	101,087
10	Security Expenses	541,520	626,608
	Total in Rs.	<u>9,027,733</u>	<u>8,975,515</u>

Selling and Distribution Expenses

1	Business Promotion Exp.	13,019	64,076
2	Clearing & Forwarding Outward	104,852	57,806
3	Commission Brokerage	547,215	441,189
4	Exhibition Expenses	-	108,601
5	Freight Forwarding Outward	906,891	865,726
6	Packing Expenses	26,301	37,481
7	Rebates & Discount Allowed	166,358	166,398
8	Sales Promotion Exp.	5,250	22,520
9	Sales Tax	-	2,292
10	Samples	63,113	72,684
11	<u>Traveling Expenses</u>		
12	Inland Traveling	328,234	577,563
13	International Traveling	280,573	233,886
14	Vehicles Exp	1,672	-
	Selling & Distribution	<u>2,443,478</u>	<u>2,650,222</u>

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNTS AS AT 31ST MARCH, 2013

(Amount in Rs.)

Sr. No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
	<u>Establishment Expenses</u>		
1	Staff Welfare Expenses	110,045	74,499
2	Legal Expenses	1,794	18,630
3	Postage & Telegram	207,810	190,215
4	Professional Charges	33,888	142,811
5	Stationery Expenses	138,922	158,201
6	Auditors Remuneration	40,047	38,605
7	Repairs & Maint.	183,182	227,836
8	Donation	3,500	4,000
9	Service Contract Charges	1,493,093	1,996,481
10	Staff training Expenses	595	15,000
11	Books & periodicals	-	100
12	Licence Fees	80,000	4,440
13	Membership & Subscription	5,394	6,795
14	Miscellaneous Exp.	113,538	35,874
15	Recruitment Charges	20,450	26,560
16	Office Exp.	-	9,266
17	Water Charges	7,520	6,766
18	Insurance	41,422	56,430
19	Com puter Expenses	6,050	9,650
20	Conveyance Exp.	171,155	121,364
21	Telephone Expe.	90,800	132,484
22	Prior Period Exp.	-	7,628
23	Filling Fees	8,835	520
		<u>2,758,040</u>	<u>3,284,156</u>
	Total in Rs.	<u>14,229,251</u>	<u>14,909,892</u>

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

26 Significant Accounting Policies-**26.1 Basis for preparation of financial statements**

The financial statements have been prepared on historical cost convention and as a going concern and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the Section 211(3C) of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

Estimates and Assumptions used in the preparation of financial statements are based upon the management's evaluation of relevant fact and the circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

26.2 Inventories :

Inventories are valued at cost or net realizable value whichever is lower; cost is ascertained on the following basis :

- a. Raw Material, Packing Material, tools, spares and consumable are valued at cost on plus direct cost incurred to bring the stock to its existing level.
- b. Work in progress/ Finished Goods are valued at cost of manufacturing based on cost of Raw material and labour and overheads cost up to the relevant stage of completion.
- c. Cost includes taxes and duties as applicable.

26.3 Cash and cash equivalents (for purposes of Cash Flow Statement) :

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

26.4 Depreciation :

Depreciation on all tangible assets has been calculated on Written Down Value Method (WDV) as per the rates and manner prescribed under Schedule XIV of the Companies Act, 1956.

26.5 Revenue recognition :

Sales are accounted on net of tax less sales Returns/ rejection. Revenue from sale of products is recognized upon passage of title to the customer on acceptance of goods which generally coincides with the dispatch of materials.

Dividend Income is recognized when the right to receive the dividend is unconditional at the Balance Sheet date.

Interest Income is recognized on accrual basis.

26.6 Fixed Asset :

Fixed Assets are accounted at cost of acquisition or construction. Fixed assets are capitalized net of CENVAT / VAT for which credit is taken and includes borrowing cost directly attributable to construction or acquisition of fixed assets, up to the date the asset is ready to use.

26.7 Employee benefits Costs :

The liabilities in respect of Bonus is provided on mercantile basis.

26.8 Borrowing costs :

Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

26.9 Related Party Transactions :

The related parties are identified by the management of the Company and relied upon by the Auditors. The related party transactions are reported at their net value (Including indirect taxes).

26.10 Taxes on income :

Tax Expenses for the year, comprising Current Tax including Wealth Tax, and is included in determining the net profit for the year. A provision is made for the current tax and based on tax liability computed in accordance with relevant tax rates and tax laws.

Current and deferred tax relating to items directly recognized in equity is recognized in equity and not in the Statement of Profit and Loss Account.

26.11 Deferred Tax- Asset/ Liability :

The Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India, has become applicable to the Company. The Deferred Tax is recognized for all timing differences 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 and measured using relevant enacted tax rates. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

26.12 Miscellaneous Expenditure :

Miscellaneous expenditure is written off over a period of future economic benefit available not exceeding five years.

Additional information to the Financial Statements for the year ended 31/03/2013

PARTICULARS	As on 31/03/2013	As on 31/03/2012
27.1 (A) Total Value of consumption imported and indigenous		
Imported		
Indigenous	-	-
(B) Value of imports calculated on CIF Value		
Raw Materials	7,997,476	10,411,576
Capital Goods	-	-
(C) Expenditure in foreign currency		
Testing Fees	-	559,804
License Fees	-	-
Travelling	178,361	114,690
Commission	-	31,650
(D) Earning in foreign Exchange		
Export	1,921,276	1418224

27.2 Segment Reporting

The Company is in the business of manufacturing of Satin and Cotton Ribbon only, which have similar risk and returns and also similar market conditions of demand and supply. The segment reporting based on geographical risk factor which may be present in different countries is also not applicable, as the company has substantial sales in the domestic market. Thus, there is only one identified reportable segment that is Furnace.

27.3 Related party Transaction

Disclosure of transactions with related parties, as required by Accounting Standard 18 [AS-18] on Related Party Disclosures has been given in para (b) & (C) below, Related parties relationship under the Accounting Standard have been identified by the Company and relied upon by the Auditors.

i. Key Management Personnel & their relatives

Mr Saurabh K. Motani	-	Director
Mr. Nitin K. Motani	-	Director
Mr Shailesh S. Shah	-	Director
Mr Lin Chung-Shun	-	Director
Mr. Liu Chen-Hsiung	-	Director

ii. Entities where Key Management Personnel or relatives of Key Management Personnel have significant influence

Sky Industries Limited
SK Stable Industries Pvt. Limited
Hemmay International
Shamots International
S.K. Overseas

iii. Related Party transaction	Nature of Transaction	Amount Rs.
Key Management Personnel	Service Charges Paid	1,493,093
& their relatives	Rent Paid	1,742,028
	Purchase (Stores & Parts)	5,341

27.4 Previous year figures

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per Our Report of Even date

For and on Behalf of
THANAWALA & COMPANY
Chartered Accountants
Firm Reg. no. 110948W

Sd/-
[**V.K. Thanawala**]
Proprietor
Membership No. 15632

Place : Mumbai,
Dated: 30/05/2013

For and on behalf of the Board of Directors

Sd/-
Shailesh Shah
Director

Sd/-
Saurabh Motani
Director

SKY INDUSTRIES LIMITED

Registered Office : C-58, TTC Industrial Area, Thane Belapur Road,
Pawane, Navi Mumbai - 400 705.

ATTENDANCE SLIP

(To be handed at the Entrance of the Meeting Hall)

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company at Abbott Hotels Private Limited. Chandragupt Hall, Sector - 2, Vashi, Navi Mumbai - 400 703. On Friday, the 27th September 2013 at 11.00 a.m.

Folio No _____

DP ID No.*

Client ID No.*

Full Name of the Shareholder _____ Signature _____
(in block letters)

Full Name of the Proxy _____ Signature _____

* Applicable for Investors holding shares in Electronic Forms.

----- Tear Here -----

SKY INDUSTRIES LIMITED

Registered Office : C-58, TTC Industrial Area, Thane Belapur Road,
Pawane, Navi Mumbai - 400 705.

PROXY FORM

DP ID No.*

Client ID No.*

I _____
of _____ in the district of _____
Member(s) of the above named Company hereby appoint _____ of
_____ in the district of _____ or failing
him _____ of _____ in the district of
_____ as my / our Proxy to attend and vote for me/us and on my/our behalf at the
Twenty Fourth Annual General Meeting of the Company to be held on Friday, the 27th September 2013 at
11.00 a.m. at Abbott Hotels Private Limited. Chandragupt Hall, Sector - 2, Vashi, Navi Mumbai - 400 703 on
and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Reference Folio No. _____

No. of Shares held _____

*Applicable for Investors holding shares in Electronic Forms.

Note : The Proxy duly executed should reach the Registered Office of the Company at least 48 hrs. before the time of Meeting.

Affix
Re 1/-
Revenue
Stamp