

18TH ANNUAL REPORT 1996-97

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SUDAL

INDUSTRIES LIMITED



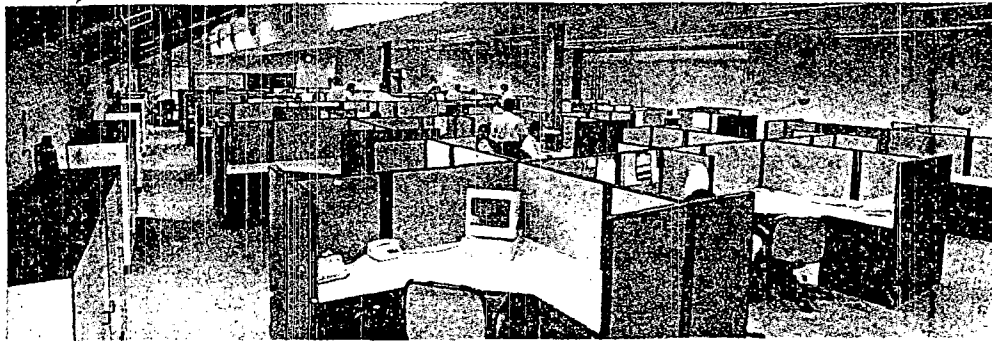
Licence for
ISO 9002
Quality Systems
Certification
by Bureau of
Indian Standards



Accredited by
Raad voor
de Certificatie,
Netherlands

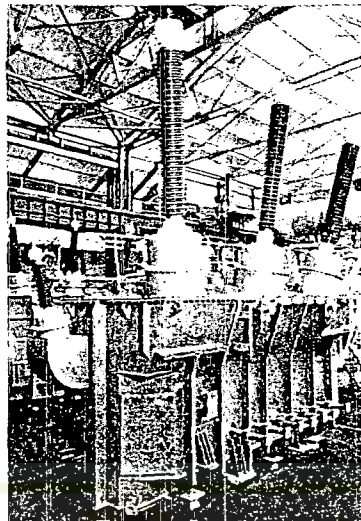


SOME OF THE END USES OF SUDAL EXTRUSIONS



OPEN-HOUSE PARTITION

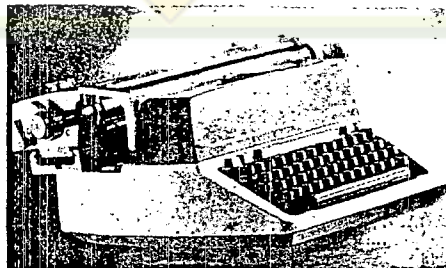
INFRASTRUCTURE



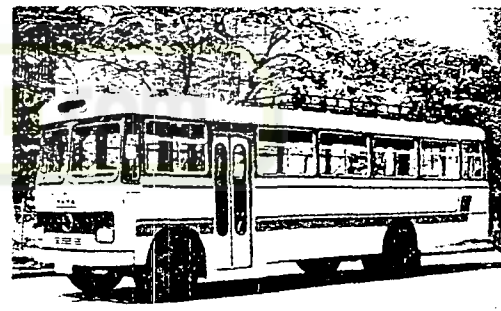
ARCHITECTURE



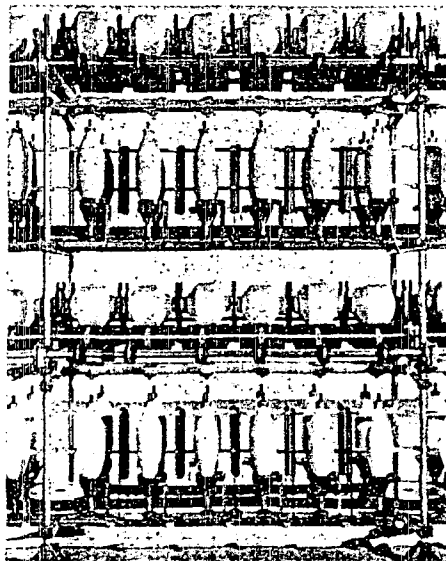
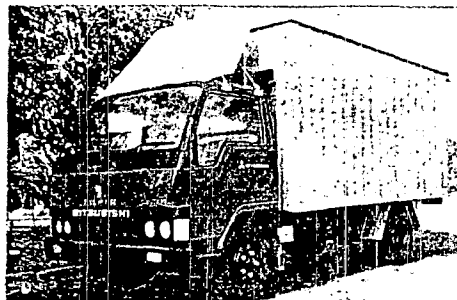
OFFICE EQUIPMENT



BUS BODY

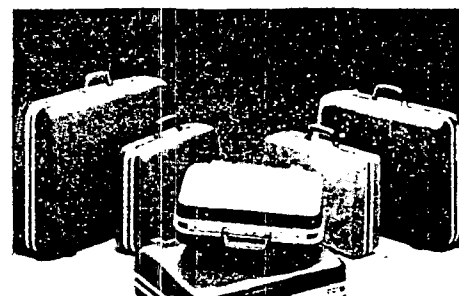


TRANSPORT



TEXTILE MACHINERY

LUGGAGE



BOARD OF DIRECTORS

Shri Balkrishna Binani

Shri I. C. Jain

Shri C. M. Maniar (*Alternate Director to Shri S. N. Saraf*)

Shri Rajendra Somani

Shri P. P. Hande, (*Syndicate Bank Nominee w.e.f. 7.10.96*)Shri J. M. Nayak, (*IDBI Nominee*)Shri P. S. Prabhu, (*Syndicate Bank Nominee w.e.f. 9.7.96 to 6.10.96*)Shri T.C.A. Ramanujam
*Special Director*Smt. S. Kamal Surya (*ICICI Nominee*)

Shri Deokinandan Ajitsaria

Shri Satyanarayan Saraf

Shri Sudarshan S. Chokhani
*Jt. Managing Director*Shri Shriram C. Chokhani
*Chairman and Managing Director***AUDITORS**Lodha & Company
Chartered Accountants
Karim Chambers
40, Ambalal Doshi Marg
Mumbai 400 023.**SOLICITORS AND ADVOCATES**Crawford Bayley & Co.,
State Bank Building,
N. G. N. Vaidya Marg,
Mumbai 400 023.**SECRETARY**

K. G. Inamdar

BANKERS

Syndicate Bank

REGISTERED OFFICE26, Nariman Bhavan
227, Nariman Point,
Mumbai 400 021.
Phone No. 2023845/2024053**WORKS**A-5, M.I.D.C.
Ambad Industrial Area
Nasik 422 010
Maharashtra.
Phone No. 382396/397.**REGISTRARS AND SHARE TRANSFER AGENTS**Sharepro Services
912, Raheja Centre
Nariman Point
Mumbai 400 021.
Members' Register, Index etc. are kept only at the office of Registrars and Share Transfer Agents, M/s. Sharepro Services**Request to Members**

Annual Reports will not be distributed at the Annual General Meeting in view of the high cost of paper and printing. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that Eighteenth Annual General Meeting of the members of Sudal Industries Limited will be held on 20th August, 1997 at 11.00 A. M. at the Walchand Hirachand Hall, The Indian Merchants Chambers, Near Churchgate Station, Mumbai - 400 020 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors Report, Audited Statement of Profit & Loss Account for the year ended 31st March, 1997 and Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri B.K. Binani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri Rajendra Somani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of this meeting until conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s. Lodha & Company, Chartered Accountants, are eligible for re-appointment.

NOTES:

- A. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of him. A proxy need not be a member.
- B. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting duly Completed, Stamped and Signed.
- C. The Register of members and the share transfer register of the company will remain closed from 13th August, 1997 to 20th August, 1997 (both days inclusive).

By order of the Board

K. G. INAMDAR
COMPANY SECRETARY

REGISTERED OFFICE :
26, Nariman Bhavan,
227, Nariman Point,
MUMBAI - 400 021.

Place : Mumbai

Dated : 30th June, 1997.

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DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors hereby present the 18th Annual Report and Audited Statement of Account for the year ended 31st March, 1997.

FINANCIAL RESULTS:

	For the year ended 31-03-1997 (Rs. in Lakhs)	For the year ended 31.03.1996 (Rs. in Lakhs)
Sales and Income from Operations	3059.69	2792.78
Other Income	1.47	16.27
	3061.16	2809.05
Profit before interest and depreciation	312.33	339.42
Interest	181.01	159.23
Depreciation	32.81	31.24
Profit/Loss	98.50	148.94
Add(+)/Less(-): Prior year adjustment (Net)	(-) 18.05	(-) 32.58
Net Profit	80.45	116.36

During the year under review, the impact of slow down in the economy as well as Industrial Production is reflected on the working of the company, particularly from second half of the year.

The performance of the Company would have been better but for the said slow down and the consequent slower growth rate in the user sector industry.

Further, the performance would have been better, if the workers had reached the minimum level of production and productivity as per the Agreement for which there was no barring factor in spite of the slow down.

Had the Company been not affected by the above reasons, the profits/production would have been much higher than that what achieved.

As per the provisions of sanctioned scheme of BIFR, the Company has to refrain from declaring any dividend.

PROSPECTS:

There are indications that the slow down in the Economy may ease with the various policy changes being brought in by the Government and its Agencies e.g. Credit and Interest rates.

With easy availability position of raw material and the production linked Agreement expected to be achieved, the Company may reach a higher production level as compared to last year.

At the same time, the market is becoming more and more competitive with new entrants. However, the Company is catering to the sophisticated Industrial Consumers as also to OEM and, therefore, is less exposed to fluctuations in resale market.

TECHNICAL ASSISTANCE AGREEMENT WITH REYNOLDS (EUROPE) LIMITED:

Based on the Technical Audit Reports of Reynolds Auditing Team, the Company is implementing its suggestions and

recommendations to the extent possible within existing plant & equipment.

ARCHITECTURAL SYSTEMS:

For promotion of Architectural Systems in India Reynolds is now taking active steps. As such, to discuss the identified potential for Architectural Systems business in India a combined meeting among Reynolds, Sudal, UK Based Fabricator and Indian Fabricator is scheduled in the second week of July, 1997.

TRUCK & TRAILER SYSTEMS:

The proto types were imported and supplied to two leading Automobile Manufacturers and those are under road trials.

The Company is following with Reynolds for implementation of these down stream products.

DIVERSIFICATION AND NEW VALUE ADDED PRODUCTS:

Company has developed Dies for new products for (a) Car Air conditioning, (b) Water purifier (c) Cycle Rim (d) Pump Body (e) Auto Components for new Car manufacturers.

IMPLEMENTATION OF THE SCHEME:

The Company is in the process of the implementation of the Scheme. As regards, achieving projected profitability mentioned in the prospectus and Letter of Offer, the same could be attained partially due to the reasons mentioned at the beginning herein above. The scheme was revised and approved by the BIFR, with respect to the repayment of installments of principal, within overall period of the original scheme.

	As per projection 1996-97 Rs. in Lakhs	As per actuals 1996-97 Rs. in Lakhs
PBDIT	377	312
INTEREST	79	181
DEPRECIATION	25	32
NET PROFIT	275	98
PRIOR YEAR ADJUSTMENT (NET)	—	(—) 18
GROSS CASH ACTUALS	300	112

TOTAL QUALITY MANAGEMENT:

The Company is putting its all efforts to achieve Total Quality Management. Surveillance Audit has been conducted by Certifying Authority (BIS) & System has been found to be meeting the requirement of IS/ISO 9002.

EXPORTS:

The Company has been making efforts to get the long term business from advanced countries as well as from neighboring countries at a remunerative price. Presently, export realisation is lower than the domestic realisation.

INDUSTRIAL RELATIONS:

The Company is enjoying a cordial relation with its workers.

CONSERVATION OF ENERGY:

Particulars are given in Annexure - 'A'.

TECHNOLOGY ABSORPTION:

Details are given in Annexure 'B'.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

- A) Activities and initiative for export of the Company's Products:

The Company has exported its products to Sri Lanka. Constant follow up with prospective buyers and renewing the contacts with them is the main thrust.

- B) Development of new export market:

The Company is exploring market for Sprinkler and Drip Irrigation System in Middle East and Asian Countries alongwith extruded products in developed countries.

- C) Export Plan:

During the year the Company is planning for its long term business relations.

During the current year under review the Foreign earnings and outgo were as follows:-

- a) Earnings : Rs. 11,29,031
b) Outgo : Rs. 27,08,023

INSURANCE:

All movable and fixed assets (on revalued basis) are adequately insured.

DIRECTORS:

In terms of the provisions of the Companies Act, 1956 and as per the Articles of Association of the Company, Shri B. K. Binani and Shri Rajendra Somani retire this year by rotation and being eligible offer themselves for re-appointment.


PARTICULARS OF EMPLOYEES:

Regarding particulars of the Employees, as prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is furnished in the Annexure 'C' to the report.

AUDITORS' REPORT:

As regards observation made in the Auditor's Report with regard to Note Nos. 7 & 18, the Directors feel that the Notes are self-explanatory.

AUDITORS:

The retiring Auditors, Lodha & Company, Chartered Accountants have indicated their willingness to continue in Office and are recommended for reappointment for the ensuing year.

COST AUDIT:

As per the Central Government's directive, the Company has appointed Mr. Narottam L. Tola, Cost Accountant, as

Cost Auditor for the Audit of Cost Accounts maintained by the Company under the applicable provisions of the Companies Act, 1956.

ACKNOWLEDGEMENTS:

Directors convey their deep gratitude to Financial Institutions (ICICI, IDBI, IFCI, IRBI, Indian Bank and SICO), to its Bankers, Syndicate Bank to all customers and to HINDALCO, NALCO and other suppliers, Government's Authorities, (including BIFR) to those employees who have dedicated themselves to improve the work of the Company and above all to the Shareholders.

For and on behalf of the Board

SHRIRAM C. CHOKHANI
 CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Dated : 30th June, 1997

Forming part of the Directors' Report for the year ended 31st March, 1997.

ANNEXURE 'A'

- (a) Measures taken to conserve energy:
- (i) Monitored oil and power consumption.
 - (ii) PCRA conducted survey & Recommendations are being implemented.
- (b) Additional investment proposal for reduction and conservation of energy Rs. 3.5 Lakhs.
- (c) Impact of (a) and (b) above is in the cost reduction and likely to get reflected in the year 1997-98 and thereafter.
- (d) Details of consumption.

FORM A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption	Current year 1996-97	Previous year 1995-96
1. Electricity		
(a) Purchased Units	43,34,086	36,71,344
Total Amount (Rs).	1,58,19,650	116,55,785
Av. Rate/Unit (Rs).	3.69	3.19
(b) Own Generation	Nil	Nil
(i) Through Diesel Generator		
Units/Ltrs. of Diesel Oil		
Costs/Units (Rs).	Nil	Nil
(ii) Through Steam Turbine/Gas		
Unit.		
Unit per ltr. of Fuel	—	—
Oil/Gas	—	—
Cost/Unit	—	—

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2. Coal (Specify quality and where used)	Nil	Nil
Quantity (Tonnes)	—	—
Total Cost	—	—
Average Cost	—	—
3. Furnace Oil		
Quantity (Ltrs.)	5,14,400	4,33,321
Total Amount (Rs.)	34,99,166	23,11,409
Average Rate (Rs./Ltr.)	6.828	5.347
4. Other (Internal Generation)	Nil	Nil
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
B. Consumption per ton of production		
Electricity (Units)	1553.435	1664.25
Furnace Oil (Ltrs.) (for casting)		
Aluminium Billets	138.967	151.55
Alloy	—	301.88
Coal (Specify quality)	Nil	Nil
Others (Specify)	Nil	Nil

ANNEXURE 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF ABSORPTION OF RESEARCH & DEVELOPMENT (R&D).

1. Specific Area in which R&D carried out by the Company. : R&D activities of the Company are being continued towards energy conservation, cost reduction, improvement of recovery by improved process control and process development, product development of new uses in domestic as well as foreign market, import substitution.
2. Benefit derived as a result of R&D. : i) New intricate sections developed for new end uses.
ii) Truck Body Sections developed and imported kit is under trial.
3. Future plan of action. : a) To develop Architectural Systems.
b) To develop green house.
c) To develop Cycle Rims.
d) To continue R&D work on above areas for:
Cost reduction by
1. Re-Engineering.
2. Improving recovery.
3. Further development of D.C. casting technology and die design.
4. Expenditure in R&D. : a) Capital —
b) Recurring Rs. 3.55 Lakhs
c) Total Rs. 3.55 Lakhs
d) Total R&D expenditure as a percentage of turnover 0.12% (approx.)

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief made towards absorption, adaptation and innovation. : As 1, 2, and 3 above.
2. Benefit derived as a result of the above efforts i.e. Product improvement, Cost reduction, Product development, import substitution etc. : Already achieved partly and balance is in progress.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information to be furnished:
 - a) Technology imported. : No Technology Imported
 - b) Year of import. : —
 - c) Has technology been fully absorbed. : Technical Assistance for Extrusion Die design manufacturing and correction, Ageing, Homogenising etc. Maintenance practices followed in Reynolds, Germany, are being adopted as per the training to Sudal Engineers.
 - d) If not fully absorbed areas where this has not been taken place, reason therefore and future plans of action.

ANNEXURE 'C'
ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, PARTICULARS OF EMPLOYEES RULES, 1975 AS AMENDED AND FORMING PART OF THE DIRECTORS' EMPLOYMENT REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Sr. No.	Name	Designation	Remuneration Rs.	Nature of Duties	Qualification	Experience Years	Age Years	Date of commencement of employment	Last employment held
1.	Chokhani S. C.	Chairman & Managing Director	6,84,000	Managing Director	B Com. D.B.M. (ECP U.S.A.)	51	73	01.11.1980	—

Notes :

1. The nature of employment is contractual.
2. Shri S. C. Chokhani is a relative of the following Directors.
 1. Shri S. S. Chokhani — son of Shri S. C. Chokhani.
 2. Shri D. N. Ajitsaria — son-in-law of Shri S. C. Chokhani.
 3. Shri S. N. Saraf — Brother-in-law of Shri S. C. Chokhani.

For and on behalf of the Board

 Place : Mumbai
 Date : 30th June, 1997.

 SHRIRAM C. CHOKHANI
 Chairman & Managing Director