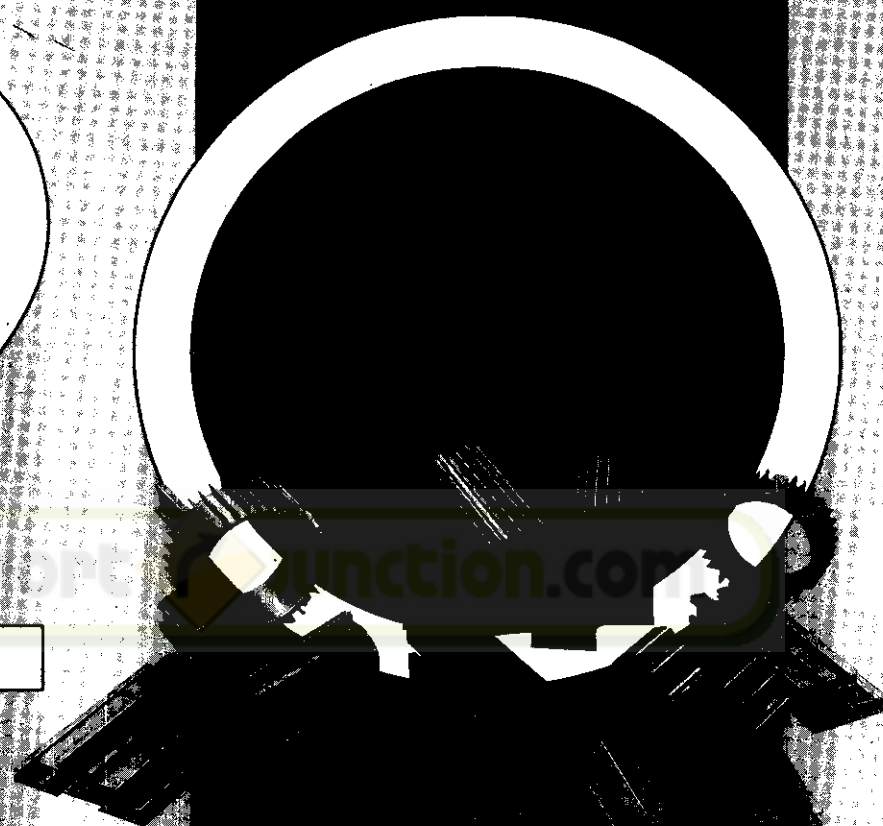


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ANNUAL REPORT
1998-99

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



Accredited by
Radwoor de Certificate,
netherlands



SUDAL
INDUSTRIES LIMITED
(FORMERLY SUDARSHAN ALUMINIUM INDUSTRIES LTD.)
AN ISO 9002 COMPANY



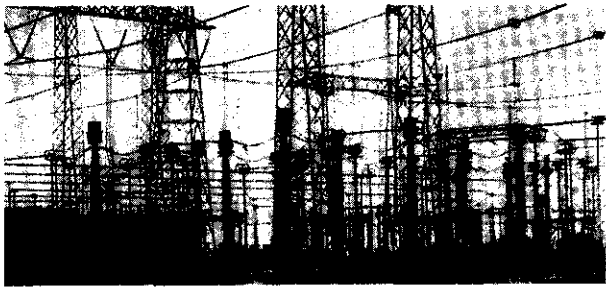
SOME OF THE END USES



Architecture



Transformer



Electrical Transmission



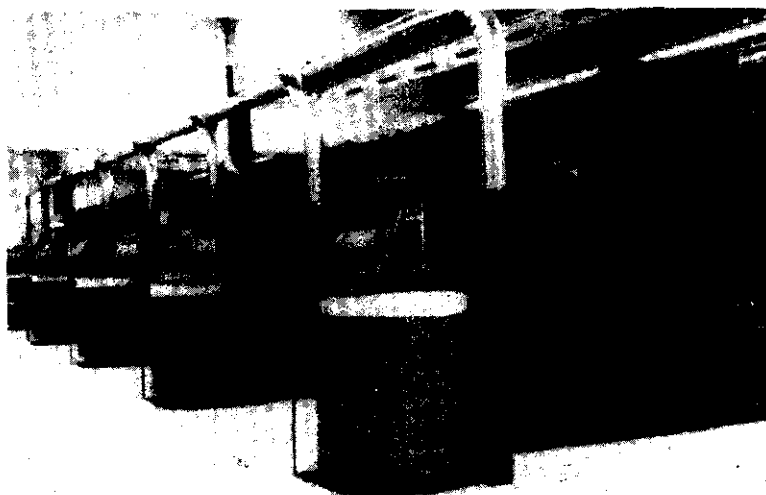
Railway



Office Partition



Car



Textile Machinery



Road Transport

BOARD OF DIRECTORS**Shri Balkrishna Binani****Shri I. C. Jain****Shri C. M. Maniar****Shri Rajendra Somani****Shri Y. M. Shetty**
(Syndicate Bank 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.**BANKERS**

Syndicate Bank

REGISTERED OFFICE26, Nariman Bhavan, 227, Nariman Point,
Mumbai 400 021.
Phone No : 2023845; 2024053.**PLANT**A-5, M.I.D.C. Ambad Industrial Area,
Mumbai-Nashik Highway
Nashik 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
Tel No. 8348218/8329828**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 Twentieth ANNUAL GENERAL MEETING of the members of SUDAL INDUSTRIES LIMITED will be held on 20th August, 1999 at 10.30 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, 1999 and Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri I. C. Jain who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri S. S. Chokhani who retires by rotation and, being eligible, offers himself for reappointment.
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 reappointment.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution.

"RESOLVED THAT pursuant to Section 94 read with Section 31 and Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of Rs. 5,25,00,000 divided into 47,50,000 Equity Shares of Rs. 10 each and 50,000 Preference Shares of Rs. 100 each be amended to 52,50,000 Equity Shares of Rs. 10/- each with effect from the date of Preference Shares (including Dividend accrued or arising thereon, if any) get converted into Equity Shares of Rs. 10 each.

AND RESOLVED FURTHER THAT the existing paragraph V of the Memorandum of Association of the Company be modified and substituted therefor namely:

The existing Authorised Share Capital of Rs. 5,25,00,000 divided into 47,50,000 Equity Shares of Rs. 10 each and 50,000 Preference Shares of Rs. 100 each be amended to 52,50,000 Equity Shares of Rs. 10 each with effect from the date of Preference Shares (including Dividend accrued or arising thereon, if any) get converted into Equity Shares of Rs. 10 each.

AND RESOLVED FURTHER THAT the Article 4(a) of the Articles of Association of the Company be deleted and the following substituted therefore namely:

The existing Authorised Share Capital of the Company of Rs. 5,25,00,000 divided into 47,50,000 Equity Shares of Rs. 10 each and 50,000 Preference Shares of Rs. 100 each be amended to 52,50,000 Equity Shares of Rs. 10 each with effect from the date of Preference Shares (including Dividend accrued or arising thereon, if any) get converted into Equity Shares of Rs. 10 each.

AND RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, desirable or appropriate to give effect to this resolution including conversion of Preference Shares into Equity Shares".

NOTES :

- a) An explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business under Item No. 5 set out above, is annexed hereto.
- b) 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.
- c) Proxies in order to be effective must be received by the Company and not less than 48 hours before the meeting duly Completed, Stamped and Signed.
- d) The Register of members and the share transfer register of the company will remain closed from 12th August, 1999 to 20th August, 1999 (both days inclusive).
- e) Members desirous of obtaining any information concerning accounts & operations of the Company are requested to address their questions etc. in writing to the V.P. (Accounts & Finance), atleast 7 days before the date of meeting.

By order of the Board

K.G. INAMDAR
COMPANY SECRETARY

REGISTERED OFFICE:
26, NARIMAN BHAVAN,
227, NARIMAN POINT,
MUMBAI - 400 021.

Place : Mumbai
Dated : 29th May, 1999.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 (2) of the Companies Act, 1956.

Item No. 5.

The Members of the Company had passed a Resolution in respect of increase in Authorised Capital and amendment in Memorandum and Articles of Association of the Company, in the Extra-Ordinary General Meeting held on 17th March, 1994. Along with this Resolution, a Resolution, under Section 81(3)(b) and other applicable provisions of the Companies Act, 1956, was passed to issue and allot at par such number of Cumulative Convertible Preference Shares of Rs. 100/- each credited as Fully Paid of such aggregate value to Financial Institutions in lieu of any and all monies due as and by way of deferred interest of not exceeding Rs. 42 lakhs. Such Preference Shares are Convertible into Equity Shares after 5 years from the date of allotment.

The Company had issued 10% Optionally Redeemable Cumulative Convertible Preference Shares of Rs. 100/- each to Industrial Development Bank of India 20,284 Preference Shares, to Industrial Credit & Investment Corporation of India 11,706 Preference Shares and to Industrial Finance Corporation of India 9,804 Preference Shares. These Shares were allotted on 29/06/95.

The said Preference Shares are due for conversion after 5 years of allotment i.e. on 28/06/2000. On their conversion, the Equity Share Capital would increase by principal amount of Preference Shares and Dividend, if any, due thereon on cumulative basis. Though the increase in Equity Share Capital will be

within existing Authorised Capital, yet it will exceed existing Equity Share Capital.

Therefore, it is proposed to increase the Equity Share Capital upto Authorised Capital which will be effective from the date of the conversion of preference Shares into Equity Shares of Rs. 10/- each.

None of the Directors, is in any way, concerned or interested in this resolution.

The Resolution is commended for your consideration & adoption.

A copy of the Memorandum & Articles of Association of the Company together with the proposed amendments will be available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of the meeting.

BY ORDER OF THE BOARD

K.G. INAMDAR
COMPANY SECRETARY

REGISTERED OFFICE:
26, NARIMAN BHAVAN,
227, NARIMAN POINT,
MUMBAI - 400 021.

Place : Mumbai
Dated : 29th May, 1999.



DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors hereby present the 20th Annual Report and Audited Statement of Account for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	For the year ended 31.03.1999 (Rs. in Lakhs)	For the year ended 31.03.1998 (Rs. in Lakhs)
Sales and Income from Operations	2531.37	3143.88
Other Income	1.07	0.17
	2542.43	3144.05
Profit before interest and depreciation	99.73	210.62
Interest	176.54	182.58
Depreciation	21.21	21.76
Profit/(Loss)	(98.02)	6.28
Add(+)/Less(-): Prior year adjustment (Net)	(-) 3.55	(+) 13.23
Less: Investment Allowance Reserve Written Back	0.71	—
Net Profit/(Loss)	(100.86)	19.51

As compared to last year, the adverse factors like continued slow down in the economy and industrial production; growth in User Sector Industries have adversely affected company's operations. The margins were badly hit mainly by pressure on selling prices due to increasing competition and increasing costs which could not be passed on.

If the workers had achieved a minimum level of production and productivity as provided in the Agreement, the operational performance could have been better.

Due to accumulated losses, the Directors regret their inability to declare any dividend.

PROSPECTS :

It is hoped that the priority sectors and areas such as Housing, Infrastructure, Fast track power projects, Roads etc. may accelerate the industrial growth in the User Sector Industries i.e. Architectural, Transport, Electrical which are end use sectors of your Company's products. However, in the present situation, the success is very much dependent on implementation of the Government's policy decisions.

Therefore, the demand to the Company's products is also dependant on acceleration of the Industrial Growth in above End User Sector Industries. The National Council of Applied Economic Research survey states that the economy is poised for growth in 1999-2000 and some leading indicators show signs of an upturn in industrial performance. Even, the International Monetary Funds' World Economic Outlook expects the recession to bottom out in the 2nd half of 1999.

DIVERSIFICATION & NEW VALUE ADDED PRODUCTS :

The Company has developed extruded sections and supplying regularly for many new applications.

TOTAL QUALITY MANAGEMENT :

The Company is using its best endeavours to achieve Total Quality Management and accordingly ISO 9002 Certificate has been renewed for three years.

INDUSTRIAL RELATIONS :

The Company is enjoying cordial relations with its workers.

CONSERVATION OF ENERGY :

Particulars are given in Annexure — 'A'.

TECHNOLOGY ABSORPTION :

Details are given in Annexure 'B'.

INSURANCE :

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

STATUS ON THE Y2K PREPAREDNESS LEVEL :

The Company's Hardware/Software Systems are all Y2K Compliant.

DIRECTORS :

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sarvashri I. C. Jain and S. S. Chokhani retire by rotation and, being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES :

Particulars of the Employees, required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, are furnished in the Annexure 'C' to the Report.

AUDITORS' REPORT :

The observations of the Auditors in their report on Accounts read with the relevant 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 :

According to 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 :

The Directors record their deep sense of gratitude to the Financial Institutions (ICICI, IDBI, IFCI, AND SICOM), more particularly to its Bankers — Syndicate Bank, and HINDALCO, to all customers and to NALCO and other suppliers, Governments Authorities, to such employees who have dedicated themselves to improve the operations of the Company and above all to the Shareholders.

For and on behalf of the Board

Place : Mumbai

Dated : 29th May, 1999

SHRIRAM C. CHOKHANI

Chairman & Managing Director



ANNEXURE 'A'

A) Measures taken to conserve energy:

[i] Insulation of hot furnace oil delivery line, [ii] Furnace lining with insulation done as per PCRA recommendation, [iii] Fitted timer on intermittently operated motor for switching off when on "NO-LOAD" more than the specified time [iv] Automatic motor load monitor for switching off motor when motor is on "NO-LOAD" for more than particular time [v] Photosensing cells provided on extrusion cutting rollers to switch off when no material on rollers for movement, [vi] Continuous monitoring.

B) Additional investment proposed:

Recuperator on melting furnace as recommended by PCRA-Rs. 2.00 lakhs (approx.).

C) Impact of (A) above:

Proposed installation of recuperator will reduce oil consumption.

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption	Current year 1998-99	Previous year 1997-98
1. Electricity		
(a) Purchased Units	46,02,056	47,67,222
Total Amount (Rs).	193,02,951	1,86,85,092
Av. Rate/Unit (Rs).	4.20	3.92
(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	—	—
2. Coal (Specify quality and where used)	Nil	Nil
Quantity (Tonnes)	—	—
Total Cost	—	—
Average Cost	—	—
3. Furnace Oil		
Quantity (Ltrs.)	6,44,882	4,79,718
Total Amount (Rs.)	38,47,990	32,62,669
Average Rate (Rs./Ltr.)	5.97	6.80
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)	2,016.75	1682.75
Furnace Oil (Ltrs.) (for casting)		
Aluminium Billets	155.71	121.68
Alloy		
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) Larger size Billet casting developed for specific end uses.
iii) Developed extrusion for Automobile (Car) Sector & started regular supply.
3. Future plan of action. : a) COMMERCIALISE :
i) The truck body kit;
ii) Larger size sections & Billet Casting Technology
b) To develop Sections & Billets for new end uses.
c) To develop Cycle Rim.
d) To continue R&D work on above areas for:
Cost reduction by:-
i) Re-engineering.
ii) Improving recovery.
iii) Process improvement/Upgradation.
4. Expenditure in R&D. : a) Capital Rs. Nil
b) Recurring Rs. 4.20 Lakhs
c) Total Rs. 4.20 Lakhs
d) Total R&D expenditure as a percentage of turnover 0.17% (approx.)