


22nd ANNUAL REPORT 2000 - 2001



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

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



Accredited by
Raad voor de Certificatie,
Netherlands



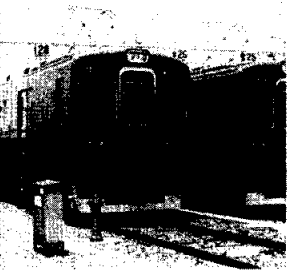
ARCHITECTURE



TRANSFORMER



RAILWAYS



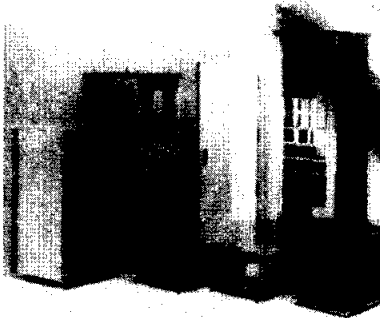
OFFICE PARTITION



ROAD TRANSPORT



ELECTRONICS



TEXTILE MACHINERY



SOME OF THE END USES

**BOARD OF DIRECTORS****Shri C. M. Maniar****Shri B. S. Murthy**

(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.



SUDAL INDUSTRIES LIMITED

NOTICE TO THE SHAREHOLDERS:

Notice is hereby given that the 22nd ANNUAL GENERAL MEETING of the Members of SUDAL INDUSTRIES LIMITED will be held on 26th September, 2001 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, 2001 and Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri D. N. Ajitsaria, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri C. M. Maniar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from conclusion of this meeting until the 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.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to the provisions of Section 269, 309, 311 and Section 198(4) as and when applicable and other provisions, if any, of the Companies Act, 1956, the Company hereby approves the terms of reappointment and remuneration including minimum remuneration to Shriram C. Chokhani, who has been reappointed by the Board of Directors as the Managing Director of the Company for a further period of five years from the date of expiry of his present terms of office viz. from 01/11/2000, upon the terms and conditions set out in Explanatory Statement among others.

AND RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform such further acts, deeds, matters and things as may be necessary, desirable or appropriate to give effect to this Resolution.

Notes:

- (A) AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956, IN RESPECT OF THE SPECIAL BUSINESS UNDER ITEM NO. 5 ABOVE SET OUT, 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 NOT LESS THAN 48 HOURS BEFORE THE MEETING DULY STAMPED, COMPLETED AND SIGNED.
- (D) THE REGISTER OF MEMBERS AND THE SHARE TRANSFER REGISTER OF THE COMPANY WILL REMAIN CLOSED FROM 19/09/2001 TO 26/09/2001 (BOTH DAYS INCLUSIVE).
- (E) THE COMPANY'S ISIN HAS BEEN MADE LIVE IN THE CDS SYSTEM WITH CENTRAL DEPOSITORY SERVICES (INDIA) LTD. WITH EFFECT FROM 08/06/2001. ISIN ACTIVATION: ISIN-INE618D01015 AND ESTEEMED SHAREHOLDERS CAN START DEMATERIALISATION OF THEIR SECURITIES.

By Order of the Board

KIRAN G. INAMDAR,
Vice President (Corporate Services) &
Company Secretary

Regd. Office:

26, Nariman Bhavan,
227, Nariman Point,
Mumbai-400 021.

Place: Mumbai

Dated: 28th June, 2001.

ANNEXURE TO NOTICE:

Explanatory Statement as required under section 173(2) of the Companies Act, 1956.

Item No. 5:

Shri Shriram C. Chokhani is the Managing Director of the Company, whose term of appointment as Managing Director has expired on 31/10/2000.

Despite the various unforeseen constraints faced by the Company due to his perseverance and efforts, the Company could pass through the difficulties. The Board of Directors, in view of his undoubted sincerity and ability and having wide and varied experience in the field of Aluminium, decided to reappoint him as the Managing Director of the Company.

His association with the Company as Managing Director will be beneficial to the Company.

The Draft Agreement to be entered into between the Company and Shri Shriram C. Chokhani inter alia, contain the following terms and conditions.

1. Period : 5 years from 01/11/2000.
2. Salary : Rs. 57,000/- per month.

3. PERQUISITES:

Provident Fund Superannuation Fund or Annuity Fund:

1. Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 10% of the salary as laid down under Income Tax Rules, 1962. Contribution to P.F., superannuation fund or annuity fund will not be included in the computation of the perquisites to the extent these either singly or partly together are not taxable under the Income Tax Act.
2. Company's contribution towards pension, superannuation fund and group insurance scheme as per rules of the company but Company's contribution to scheme together with Company's

contribution to the Provident Fund shall not exceed 25% of the salary as laid down under the Income Tax Rules, 1962.

Gratuity payable not exceeding one half months' salary for each completed year of service, subject to a maximum of Rs. 3,50,000/- or 20 months' salary whichever is less.

Free use of the Company's car for business and, free telephone facility at residence are not considered as perquisites. No personal long distance calls on telephone are allowed.

Reimbursement of all entertainment, traveling and out of pocket expenses actually and properly incurred for the business of the Company.

The remuneration of Rs. 57,000/- per month excluding expressly the benefits and amenities aforesaid shall be paid and allowed as the minimum remuneration for any year in case of absence or inadequacy of profits for each year.

The Managing Director shall not be entitled to fees payable to Directors for attendance at Board Meetings or Meeting of any Committee appointed by the Board.

If at any time, the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

The Agreement to be entered into may be terminated by either party by giving to the other party three months' notice of such termination.

This may also be treated as an abstract of the Agreement to be entered into between Shri Shriram C. Chokhani and the Company pursuant to Section 302 (2) of the Companies Act, 1956.

**SUDAL INDUSTRIES LIMITED**

Shri Shriram C. Chokhani is interested in the Resolution.

Shri Sudarshan S. Chokhani, Shri S. N. Saraf and Shri D. N. Ajitsaria, Directors of the Company may be deemed to be interested as they are related to Shri Shriram C. Chokhani.

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

At the last Annual General Meeting held on 22/09/2000, a Resolution was passed as an Ordinary Resolution instead of a Special

Resolution and the Board, therefore, commend the passing of Special Resolution under Item No. 5 of accompanying notice.

By order of the Board

KIRAN G. INAMDAR,
*Vice President (Corporate Services) &
Company Secretary*

Regd. Office:
26, Nariman Bhavan,
227, Nariman Point,
Mumbai-400 021.
Place: Mumbai
Dated: 28th June, 2001.

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ANNUAL REPORT 2000-2001**DIRECTORS' REPORT TO THE MEMBERS,**

Dear Members,

Your Directors hereby present the 22nd Annual Report and Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS:

	For the year ended 31.03.2001 (Rs. in Lakhs)	For the year ended 31.03.2000 (Rs. in Lakhs)
Sales & Income from Operations	2896.85	2472.29
Other Income	4.38	4.24
	2901.23	2476.53
Profit before Interest & Depreciation	82.19	87.54
Interest	209.18	188.91
Depreciation	17.41	20.16
Profit/(-)Loss	(-) 144.40	(-) 121.53
Add (+)/Less(-): Prior year adjustment/Extra ordinary item (Net)	10.88	(-) 1.00
Net Profit/(-)Loss	(-) 133.52	(-) 122.53

During the year under review, the factors like intensive competition, pressure on selling price, and non-achievement of minimum level of production & productivity as agreed to by the workers and provided in the Agreement have adversely affected company's operations.

On the other hand, the company could not pass on increasing costs of production in the selling price. The delay in payment by the customers over the agreed terms have added to the interest burden because of non-reimbursement of interest by the customers.

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

CURRENT YEAR & PROSPECTS:

Your company's order position has been generally good though there is a slow down in the growth of economy and industrial production, particularly in your

company's user sectors like Transport, Textile Machinery, Electrical Equipment, Architecture and even Consumer Durables.

It is the privilege of the company that it enjoys continued goodwill and patronage of very reputed and multinational industrial consumers because of locational advantage and company's commitment for customer satisfaction and customer delight by sustained efforts to provide quality, timely delivery and service.

However, during the current year inspite of the valid agreement signed in conciliation and industrial court order, the workers after getting the benefit under the agreement changed the union and joined Nasik Workers' Union (affiliated to CITU). As per the agreement besides normal wages, the workers were entitled to get production like increase in wages but they demanded the said increase irrespective of the increase in production. Moreover, the workmen resorted to go slow and sudden illegal strike with effect from 21/03/01 till 25/06/01 and



SUDAL INDUSTRIES LIMITED

earlier 3 days in February due to indefinite strike called by CITU in Sinnar-Nashik Industrial belt. However, the company was working with its Engineers/Supervisory Staff/Trainees/Apprentices. During such period, the production level was substantially lower.

With the intervention of the Govt. Authorities and the negotiation with the union, the said strike was called off and workmen resumed their duties with effect from 26/06/2001 with an assurance that they will provide all assistance and co-operation to the company for increasing the production and to make the company viable.

DIVERSIFICATION & NEW VALUE ADDED PRODUCTS:

The company has developed Extruded Sections for sophisticated end users like BARC, HAL, etc. and also going into down stream by manufacturing fabricated components which would give more value for its product. The company is also following up with various end users for manufacturing and supply of transport systems besides Irrigation Systems.

DEMATERIALISATION OF SHARES:

The Governing Board of Stock Exchange, Mumbai, has decided that all B2 Group Companies of the Exchange have to sign agreements and establish the required connectivity with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). Accordingly, the company has executed necessary agreement with CDSL and ISIN has been made live in the CDS system. The company is in the process of execution of necessary agreement with NSDL. M/s. Sharepro Services will be the RTA for handling depository related operations and to act as CDSL/NSDL interface.

REFERENCE TO BIFR:

The provisions of Sick Industrial Companies (Special Provisions) Amendment Act, 1993 have now become applicable to the Company and, accordingly, the Company has made a reference to the Board for Industrial & Financial Reconstruction as required under the Act and hearing is fixed on 29/06/01 to consider whether the company has become Sick Industrial Company in terms of Section 3 (1) (o) of SICA.

TOTAL QUALITY MANAGEMENT:

The company is using its best endeavors to achieve Total Quality Management and accordingly ISO 9002 Certificate has been renewed for three years. The company is progressing in installing quality systems as per QS 9000.

INDUSTRIAL RELATIONS:

As mentioned in the para "Current Year & Prospects", inspite of the valid agreement and Industrial Court Order, the workmen did not honour both. Inspite of the company having endeavored to maintain good relationship, the workmen did not reciprocate to it.

The workmen after entering into the Agreement and after enjoying the benefits, switched over to Nashik Workers' Unions (affiliated to CITU).

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.

DIRECTORS:

During the year under review, Shri B. K. Binani, Shri I. C. Jain and Shri R. Somani have resigned from the Board of the company in view of complying with the latest amendment of the Companies Act in connection with number of Directorships. The Board placed on record its appreciation for the contribution and services rendered by them during their respective tenure.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sarvashri D. N. Ajitsaria and C. M. Maniar retire by rotation and, being eligible, offer themselves for reappointment.

The members' approval is being sought for the reappointment of Shri Shriram C. Chokhani as the Managing Director of the company, the terms of his

ANNUAL REPORT 2000-2001

reappointment and the remuneration payable to him have already been approved by the Board.

PARTICULARS OF EMPLOYEES:

No employee is falling within the limits 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.

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.

ACKNOWLEDGMENTS:

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, Government 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,

SHRIRAM C. CHOKHANI,
Chairman & Managing Director

Place : Mumbai

Date : 28th June, 2001

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