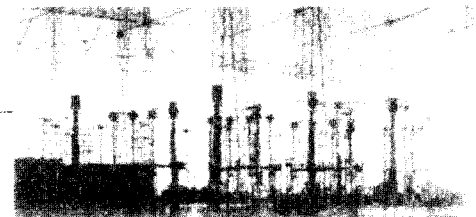
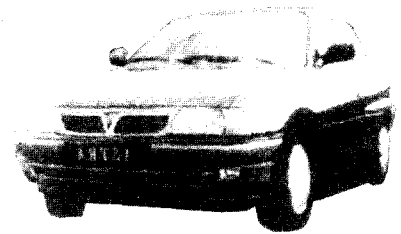
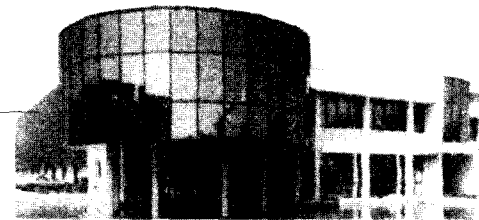
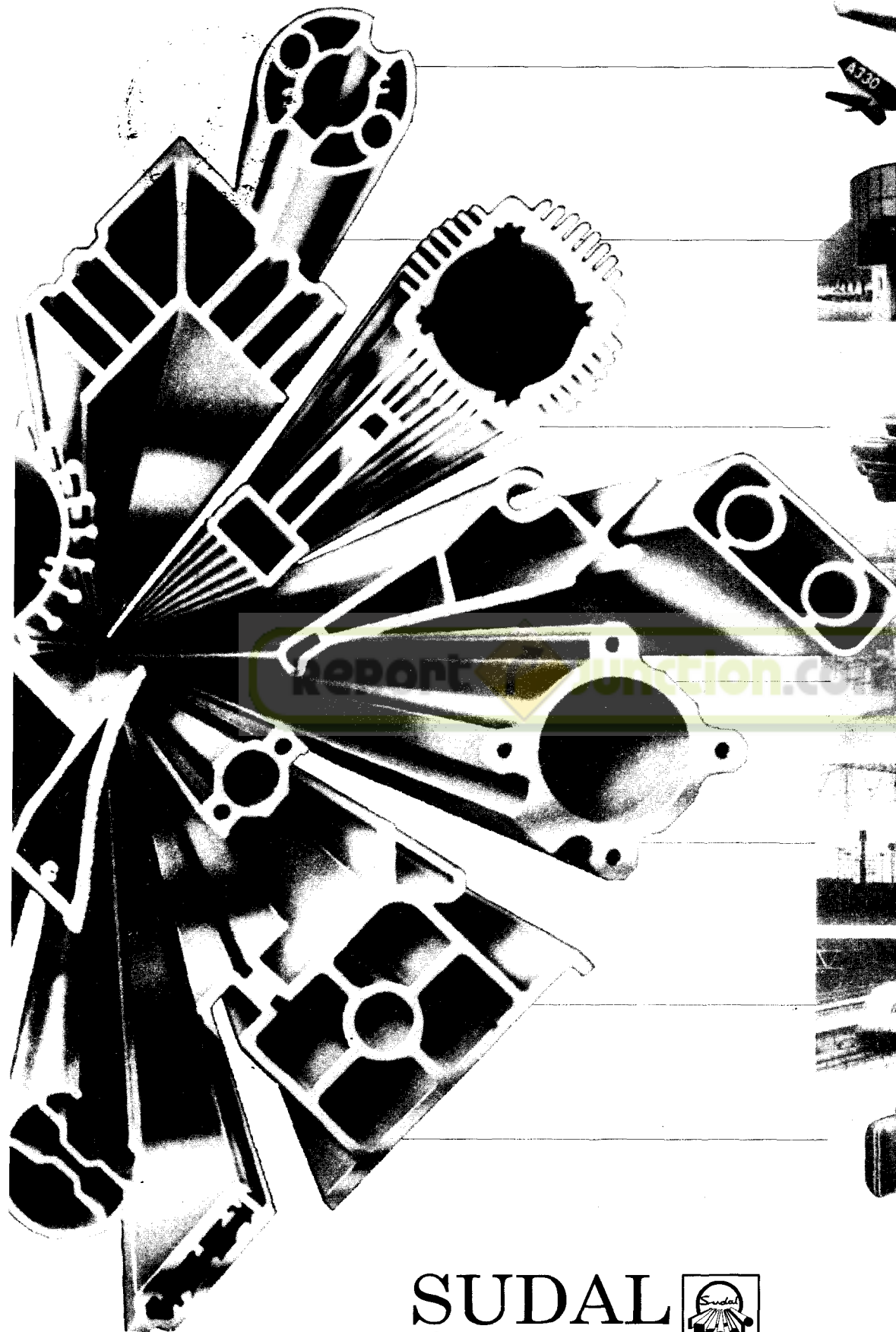


24th ANNUAL REPORT 2002 - 2003



SUDAL
INDUSTRIES LIMITED



AN ISO 9002 COMPANY

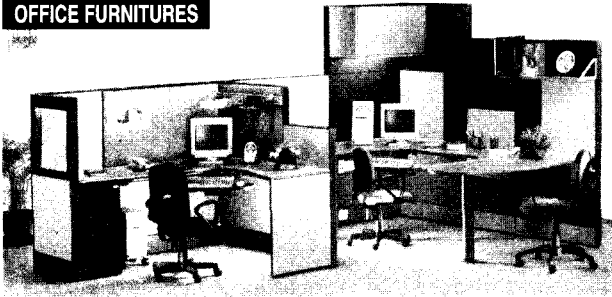
Licence for ISO 9002
Quality Systems
Certification by Bureau
of Indian Standards



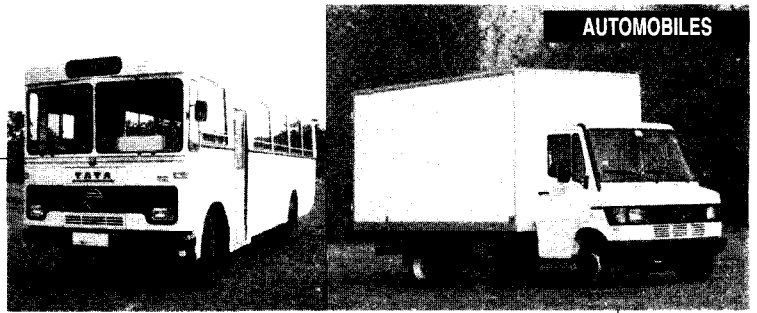
Accredited by
Raad voor de Certificatie,
Netherlands



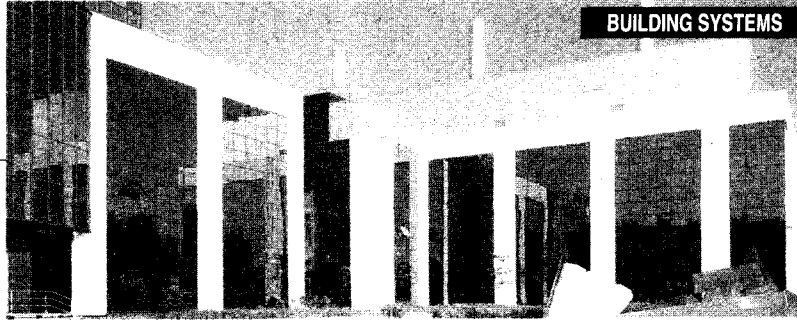
OFFICE FURNITURES



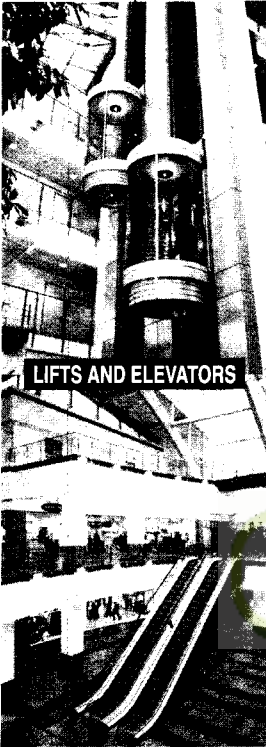
AUTOMOBILES



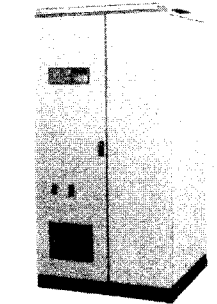
BUILDING SYSTEMS



LIFTS AND ELEVATORS



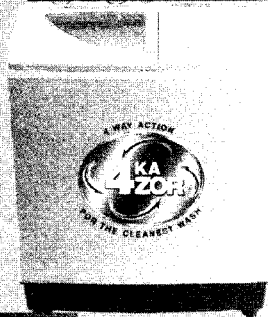
ELECTRONICS



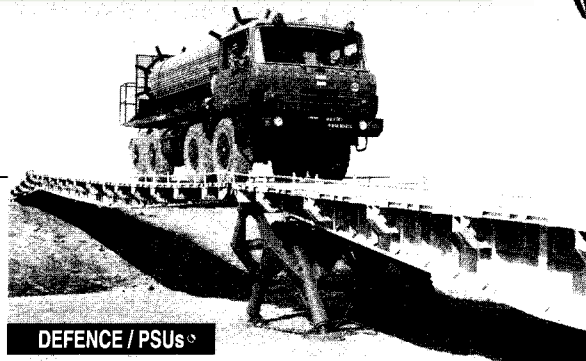
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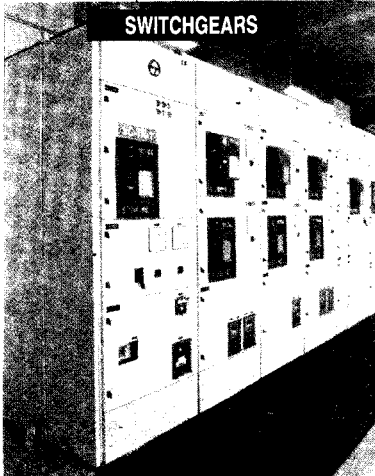
ELECTRICALS/ELECTRONICS



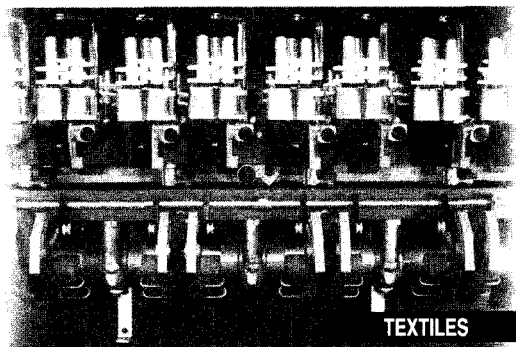
DEFENCE / PSUs



SWITCHGEARS



TEXTILES



CONSUMER PRODUCTS



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

(Syndicate Bank Nominee Upto 25-7-02)

Shri R. Chandrasekar

(Syndicate Bank Nominee w.e.f. 26-7-02)

Shri Deokinandan Ajitsaria**Shri Satyanarayan Saraf****Ms. Sheetal S. Chokhani**

(Upto 17-2-03)

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. : 22023845; 22024053.**PLANT**A-5, M.I.D.C. Ambad Industrial Area,
Mumbai-Nashik Highway
Nashik 422 010, Maharashtra.
Phone No. : 2382396/397.**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. 28348218/28329828**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 24th ANNUAL GENERAL MEETING of the Members of SUDAL INDUSTRIES LIMITED will be held on Friday, the 26th September, 2003 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, 2003 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 reappointment.

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 Sections 269, 309, 311 and Section 198(4) and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval, if any, of the concerned authorities, the Company hereby approves of the terms of the reappointment and remuneration including minimum remuneration (as approved by the Remuneration Committee) to be paid to Shri Sudarshan S. Chokhani, who has been reappointed by the Board of Directors as the Joint Managing Director of the Company for a further period of five years from the date of expiry of his present term of office viz. from 1st November, 2003, upon the terms and conditions set out in Explanatory Statement, with liberty to the Board of Directors to alter and vary the terms and conditions of the said reappointment in such manner as may be directed by the concerned authorities, if any, and acceptable to Shri Sudarshan S. Chokhani.

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act,

1956, the Articles of Association of the Company be amended as follows by inserting a new Article as Article 67A after the existing Article 67.

Article 67A: Passing of Resolution by postal ballot.

Notwithstanding anything contained in the Articles of Association of the Company, the Company may, and in the case of resolution relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in General Meeting of the Company in accordance with the provisions of Section 192A of the Companies Act, 1956 and Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (including any statutory modifications and re-enactment thereof, for the time being in force) or any amendments made thereto from time to time."

Notes:

- (A) AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956, IN RESPECT OF THE SPECIAL BUSINESS UNDER ITEM NO. 5 & 6 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 AND 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 18/09/2003 TO 26/09/2003 (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 8-6-2001. ISIN ACTIVATION ISIN-INE618D01015 AND ESTEEMED SHAREHOLDERS CAN DEMATERIALISE THEIR SECURITIES.

By Order of the Board

KIRAN G. INAMDAR,
Company Secretary

Regd. Office:

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

Place : Mumbai

Dated : 28th June, 2003.

ANNEXURE TO NOTICE:

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

Item No. 5:

Shri Sudarshan S. Chokhani is the Joint Managing Director of the Company, whose term of appointment as Joint Managing Director is expiring on 31/10/2003.

Despite the various unforeseen constraints faced by the Company due to his perseverance, efforts and able support to Shri Shriram C. Chokhani, Chairman & Managing Director of the Company in day-to-day working and also the policy decision; the Company could withstand the difficulties faced by it. The Board of Directors, in view of the same, decided to reappoint him as the Joint Managing Director of the Company.

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

THE DRAFT AGREEMENT to be entered into between the Company and Shri Sudarshan S. Chokhani inter-alia, contains the following terms and conditions.

Period: 5 years from 01/11/2003

Remuneration:

1. Not exceeding Rs. 28,500/- per month or such amount the Board may determine.
2. Commission: Subject to the ceiling prescribed in this behalf under the Companies Act, 1956.

3. Perquisites:

Accommodation (Furnished or otherwise), or House Rent Allowance in lieu thereof, House Maintenance Allowance, together with utilities thereof, Education Allowance for dependent children, Entertainment and News Paper & Periodicals Allowance, Medical Reimbursement; Leave Travel Allowance for himself & his family, Club Fees (maximum two clubs), Medical Insurance, etc., in accordance with rules of the Company or as agreed by the Board of Directors, the total value thereof such perquisites shall be restricted to an amount maximum permissible under Schedule XIII of the Companies Act, 1956 or not exceeding the annual salary.

4. Retirement Benefits:

Provident Fund, Superannuation Fund or Annuity Fund: 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.

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 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.

Free telephone facility at residence are not considered as perquisites. No personal long distance calls on telephone are allowed.

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

Shri Sudarshan S. Chokhani shall also be entitled for earned/privilege leave as per rules of the Company. Leave accumulated and not availed of during his tenure as Joint Managing Director may be allowed to be encashed at the time of his retirement or otherwise.

As Joint Managing Director, Shri Sudarshan S. Chokhani will exercise overall control over the day-to-day operations of the Company along with Shri Shriram C. Chokhani, Managing Director, subject to the control and superintendence of the Board of Directors.

The Joint Managing Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any Selling Agency of the Company without prior approval of the Central Government.

The remuneration of Rs. 28,500/- 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.



SUDAL INDUSTRIES LIMITED

The Remuneration Committee has approved his remuneration subject to approval of the Board, Shareholders and Concerned Authorities, if any.

The Joint 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 Joint Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Joint 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.

Shri Sudarshan S. Chokhani is interested in the Resolution.

Shri Shriram C. 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 Sudarshan S. Chokhani.

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

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

The draft Agreement is available for inspection by the members of the Company at the Registered Office of the Company between the hours of 11.00 a.m. and 1.00 p.m. on any working day of the Company.

The Resolution is commended for your consideration and adoption.

Item No. 6

The Companies (Amendment) Act, 2000, had inserted a new Section 192A for passing of resolution by Postal Ballot in respect of matters as may be prescribed by the Central Government from time to time. It is, therefore, proposed to incorporate a new Article 67A after the existing Article 67 to enable the shareholders to cast their votes by way of postal ballot under the said provisions of Section 192A of the Companies Act, 1956 and Companies (Passing of Resolution by Postal Ballot) Rules, 2001. A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 01.00 p.m. on any working day of the Company.

The Board recommends the special resolution for approval of the members. None of the Directors is concerned or interested in this Resolution.

By Order of the Board

KIRAN G. INAMDAR,
Company Secretary

Regd. Office:
26, Nariman Bhavan,
227, Nariman Point,
Mumbai 400 021.

Place : Mumbai
Dated : 28th June, 2003.

ANNUAL REPORT 2002-2003

DIRECTORS' REPORT TO THE MEMBERS,

Dear Members,

Your Directors hereby present the 24th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS/PERFORMANCE:

	For the year ended 31.03.2003 (Rs. in Lakhs)	For the year ended 31.03.2002 (Rs. in Lakhs)
Net Sales & Income from Operations	2196.33	1537.99
Other Income	1.93	0.42
	<u>2198.26</u>	<u>1538.41</u>
Profit/(Loss) before Interest & Depreciation	94.32	(135.84)
Interest	201.71	211.53
Depreciation	15.96	14.28
Profit/(Loss)	(123.35)	(361.65)
Add (+)/Less(-): Prior year adjustment (Net)	+0.44	- 1.99
Net Profit/(Loss)	<u>(122.91)</u>	<u>(363.64)</u>

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

MANAGEMENT DISCUSSION & ANALYSIS:

During the year under review, the company could earn a marginal Profit before Interest and Depreciation. The interest burden has been marginally reduced though it had to incur interest on Bills Receivable after respective due dates which was not borne by the customers although agreed.

The company had to face cut-throat competition which had a impact on its selling prices and on account of which, the company has not been able to pass on full increase in various input costs in the selling prices.

The company could have achieved better results if Workers had achieved the production and productivity as per the terms and norms specified in the agreement. The union and workers have given assurance to co-

operate with the company to achieve the BIFR Scheme which is in operation.

OUTLOOK AND OPPORTUNITIES:

Though Aluminium Extrusion Industry is highly competitive, the locational advantage and customers service have bearing over selling prices. Your company is having locational advantage and, with quicker delivery, better quality product, customer service, etc., the company has been able to get better selling price.

Moreover, it is the privilege of your Company that it enjoys continued goodwill and patronage of very reputed, well established and multinational industrial consumers.

The Indian Economy is poised for growth and many sectors, where company's products are being used, it is expected to generate more demand. The company is also exploring new market to augment its areas of selling. It would facilitate the company to rationalise the



SUDAL INDUSTRIES LIMITED

pricing structure which can enable the company to maintain its average selling price higher than most of the competitors.

INTERNAL CONTROL SYSTEM AND ADEQUACY:

The Company has adequate Internal Control Procedures commensurate with its size and nature of the business. The Company has appointed M/s. Kucheria & Associate as its Internal Auditors with an objective to conduct Audit regularly and test the effectiveness of Internal Controls and to suggest improvements.

The Company is only in one segment i.e. Aluminium Extrusions and its Down Stream Value Added Products.

DIVERSIFICATION & NEW VALUE ADDED PRODUCTS:

The company has developed Extruded Sections for sophisticated end users like BARC, HAL, etc. and also down stream activities by manufacturing Fabricated Components, Truck Body Kits, etc. which give more value for its extruded product. The company is also following up with various new end users for manufacturing and supply of Bus-Body systems to esteemed customers like Telco, Ashok Leyland, Eicher Motors, etc. as also Sprinkler Irrigation Systems.

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 implementing quality systems as per QS 9000 and new IS 9001.

INDUSTRIAL RELATIONS:

To make rehabilitation proposal successful, the workmen have given assurance that they will provide all assistance and cooperation to the company for increasing the production and to make the company viable and also implement the agreement signed in conciliation.

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' RESPONSIBILITY STATEMENT:

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2003 and of the Loss of the Company for the year ended 31st March, 2003 and cash flow as on that date.
- (c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Members are aware that the Listing Agreement with the Stock Exchanges has been amended by the insertion therein of clause 49 which require the company to implement the code of Corporate Governance. Information in accordance with the same is given in the statement Annexure "C" herewith forming part of the Report.

DIRECTORS:

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.

Shri R. Chandrashekhar was appointed as Nominee of Syndicate Bank in place of Shri B. S. Murthy during the year. Ms. Sheetal S. Chokhani has resigned from the Board during the year.

The members approval is being sought for the reappointment of Shri Sudarshan S. Chokhani as the Joint Managing Director of the company on the terms

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of appointment set out in the explanatory statement annexed to the Notice of the Meeting.

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 [No. 3 and 6(b) of Schedule 21] 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 its Bankers - Syndicate Bank, and HINDALCO, and other suppliers, customers 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

Dated : 28th June, 2003



SUDAL INDUSTRIES LIMITED

ANNEXURE - A

(A) Measures taken to conserve energy:

(i) Changed high capacity Submersible Pump to optimum capacity Submersible Pumps (ii) Renovated Homogenising Furnace to stop heat losses (iii) Clubbed together Press Heat Exchanger and Billet Heater Cooling Tower (iv) Introduced Fog Quenching System for critical shapes/profiles.

(B) Additional Investment Proposed:

(i) To convert all possible compressed air circuits into closed loop hydraulic circuits (ii) Change Billet Heater Control to PLC control (iii) Add one additional Billet Cutting Machine.

(C) Impact of (A) & (B) above:

Will reduce oil, water, electricity consumption and maintenance problems.

FORM - A

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

	Current Year 2002-03	Previous Year 2001-02
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased Units	32,27,180	26,44,904
Total Amount (Rs.)	1,34,71,064	1,20,59,363
Av. Rate/Unit (Rs.)	4.17	4.56
(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.)	4,10,500	3,90,300
Total Amount (Rs.)	50,57,139	38,43,714
Average Rate (Rs. Ltr.)	12.32	9.85
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)	1,486.56	1,745.21
Furnace Oil (Ltrs.) (for casting)		
Aluminium Billets	155.75	191.92
Alloy	—	—
Coal (Specify Quality)	Nil	Nil
Others (Specify)	Nil	Nil