

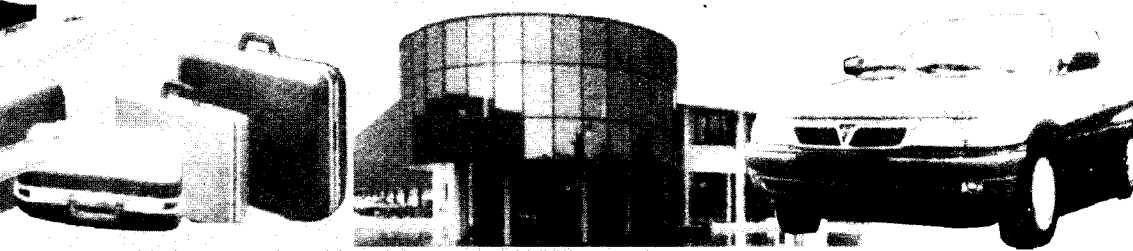


RWTUV



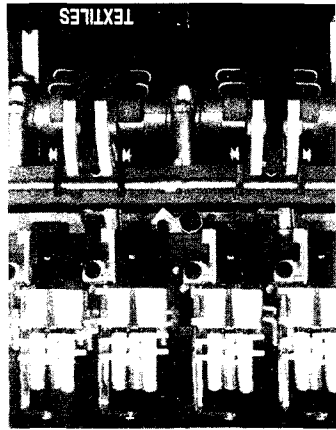
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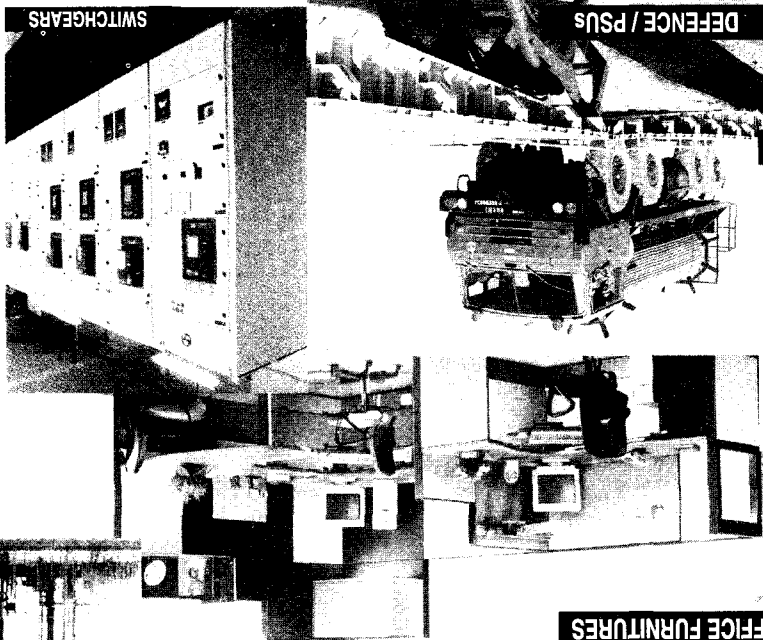


27th ANNUAL REPORT 2005 - 2006

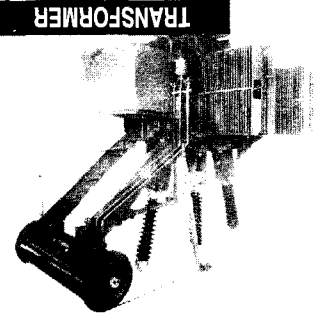




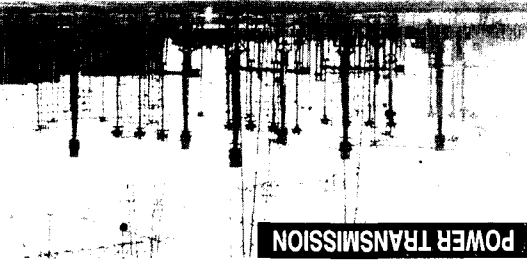
TEXTILES



OFFICE FURNITURES



TRANSFORMER



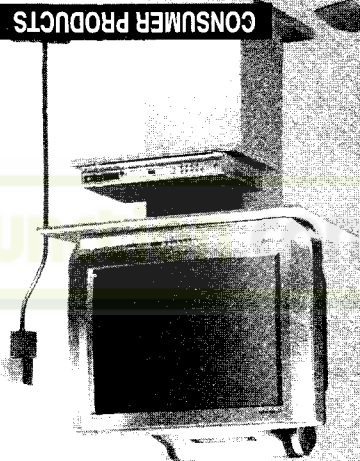
POWER TRANSMISSION



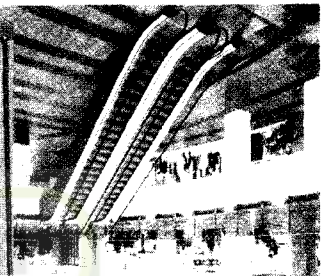
ELECTRONICS



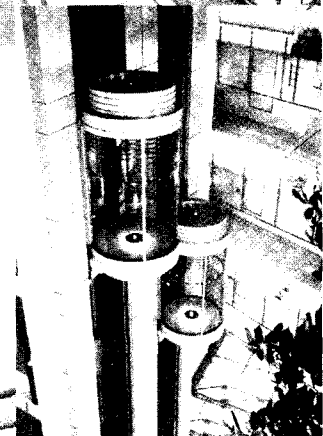
ELECTRICALS/ELECTRONICS



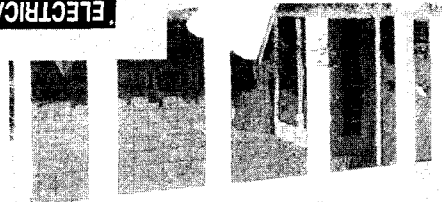
CONSUMER PRODUCTS



LIFTS AND ELEVATORS



RAILWAYS



BUILDING SYSTEMS



AUTOMOBILES

SOME OF THE END USES

**BOARD OF DIRECTORS**

Shri C. M. Maniar

Shri S. Malhotra

(Syndicate Bank Nominee)

Shri M. O. Shah

(Director w.e.f. 24/09/2005)

Shri Deokinandan Ajitsaria

Shri Satyanarayan Saraf

(Upto 30/4/2005)

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.

BANKERS

Syndicate Bank

CORPORATE OFFICE

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

Phone No. : 22023845; 22024053.

REGISTERED OFFICE & 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 (I) Pvt. Ltd.,
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 (I) Pvt. Ltd.
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 27th ANNUAL GENERAL MEETING of the Members of SUDAL INDUSTRIES LIMITED will be held on 30th September, 2006 at 3.00 p.m. at Hotel Sai Palace, Mumbai-Nashik Highway, Nashik-422 010, 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, 2006 and Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri S. S. Chokhani, who retires by rotation and, being eligible, offers himself for reappointment.
3. 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.

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 AND NOT LESS THAN 48 HOURS BEFORE THE MEETING DULY STAMPED, COMPLETED AND SIGNED.
- (C) THE REGISTER OF MEMBERS AND THE SHARE TRANSFER REGISTER OF THE COMPANY WILL BE CLOSED FROM 18/09/2006 TO 30/09/2006 (BOTH DAYS INCLUSIVE).
- (D) THE COMPANY'S ISIN HAS BEEN MADE LIVE IN THE CDS SYSTEM WITH CENTRAL DEPOSITORY SERVICES (INDIA) LTD., AND WITH NATIONAL SECURITIES DEPOSITORY LTD. ISIN ACTIVATION: ISIN-INE618D01015. ESTEEMED SHAREHOLDERS CAN DEMATERIALISE THEIR SECURITIES.

By Order of the Board

K. G. INAMDAR
Company Secretary

Place : Mumbai
Dated : 26th June, 2006.

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DIRECTORS' REPORT TO THE MEMBERS,

Dear Members,

Your Directors hereby present the 27th Annual Report and Audited Statements of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS:

	For the year ended 31.03.2006 (Rs. in Lakhs)	For the year ended 31.03.2005 (Rs. in Lakhs)
Net Sales & Income from Operations	4483.12	4219.01
Other Income	1.60	13.19
	4484.72	4232.20
Profit/(Loss) before Interest & Depreciation	405.86	338.59
Interest	223.31	235.88
Depreciation	28.72	23.09
Net Profit before Tax	153.83	79.62
Provision for FBT (Less)	4.00	—
Net Profit	149.83	79.62

Though the Company has earned a net profit, due to accumulated losses, the Directors regret their inability to declare any dividend.

MANAGEMENT DISCUSSION & ANALYSIS:

During the year under review, the company could not show a better performance as expected and could not earn more profits than what actually achieved as company has suffered during the year from power cuts, shortage of raw material supplies & its frequent price increases by primary producers, natural calamity apart from that the company has to bear interest burden as many of the customers did not reimburse the interest, though agreed to by them.

However, the company has an edge over most of the Secondary Extruders in regard to better product – mix & better customer profile, consequently better selling price though it could not pass on increase in costs of production except Raw Material in major cases fully because of the competition and market resistance.

Had the workers achieved the production and productivity as per the terms & norms specified in the agreement, the company would have achieved better operational performance. However, the workers have assured BIFR that they will co-operate to the Company for increasing the production and productivity and to make the Company viable.

The rehabilitation scheme of BIFR is under implementation.

ACHIEVEMENT/EXPANSION:

The company has participated in ET 2006 International Aluminium Extrusion Design Competition held by ET Foundation at USA in Feb. 2006.

The ET for Aluminium Profiles Foundation has awarded the Company First Place Prize in Structural category (Totem Sit-Stand Leg Entry). The Company has also received a cash price of \$2000 for combined efforts.

The award was given in recognition of a significant contribution to the 2006 IAEDC. The Company had earlier also won the first place in professional category for end-cap for uranium rod holders used inside nuclear reactors.

The Company has plans to go into various activities and add one more Extrusion Press with a view to meet with the growing needs of market and products.

OUTLOOK AND OPPORTUNITIES:

The strengths of the company are wide & strong base of the customers, constant efforts for customers' delight and the locational advantage whereby the Company can fetch a better & higher selling price even in a competitive situation.

The growth in End-User Industries i.e. Automobiles, Electrical Equipments, Architectural, Consumer Goods and Infrastructure is giving a further boost to the prospects of more opportunities to the Company to open up its operating capacities and horizons which are already coupled with built up goodwill and continued support of reputed and multinational customers.

The ongoing change in global scenario, economic & industrial growth would generate more demand for company's products which would facilitate the company to streamline the pricing strategy.

Presently the Company is only in one segment i.e. Aluminium Extrusions and its Down Stream Value Added products.



SUDAL INDUSTRIES LIMITED

INTERNAL CONTROL SYSTEM AND ADEQUACY:

Commensurate with the size and nature of the business of the Company, it has adequate Internal Control System. To have more effective control over the accounting systems and over day to day operations of the Company, it has already appointed Internal Auditors as also started its own audit department.

DIVERSIFICATION & NEW VALUE ADDED PRODUCTS:

The Company is in constant drive to develop extruded sections for sophisticated end uses. The down-stream activity and Truck Body Kits/Bus Body Systems are also staging ahead. The sprinkler irrigation system business is being strengthened further.

TOTAL QUALITY MANAGEMENT:

The Company is committed to Total Quality Management and has established Quality Management Systems in compliance with the International Quality System Standard ISO 9001-2000/TS 16949:2002 of TUVCERT Certification Body for QM-Systems of RWTUV Systems GmbH.

RISK MANAGEMENT/HEALTH, SAFETY ETC.:

As a part of business policy, the Company gives due importance to the risk identification and control in various functional areas. As far as possible the Company takes necessary steps to manage the internal and external factors.

The Company is taking due care and steps in respect of pollution control, safety, health etc.

INDUSTRIAL RELATIONS:

The workmen have given assurance that they will provide all assistance and cooperation to the Company for increasing the production and to make Company viable as also make rehabilitation proposal successful. The existing agreement signed in conciliation is still in operation.

CONSERVATION OF ENERGY:

Particulars are given in Annexure "A".

TECHNOLOGY ABSORPTION:

Details are given in Annexure "B".

INSURANCE:

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

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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 Company as on

31st March, 2006 and of profit of the Company for the year ended 31st March, 2006 and cash flow as on that date.

- 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.
- the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance along with the Auditors Statement on its compliance is annexed hereto as Annexure - C and forms part of this report.

DIRECTORS:

In terms of the Companies Act, 1956 and the Articles of the Company, Shri S. S. Chokhani retire by rotation and, being eligible, offer himself for reappointment.

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, 1968.

AUDITORS REPORT:

The observations of the Auditors in their report on Accounts read with the relevant Note No. 5(b) of Schedule 20 is 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 the cost accounts maintained by the Company under applicable provisions of the Companies Act, 1956.

ACKNOWLEDGEMENTS:

The Directors record their deep sense of gratitude to its Bankers-Syndicate Bank; Hindalco-Nalco 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 esteemed Shareholders.

For and on behalf of the Board,

SHRIRAM C. CHOKHANI
Chairman & Managing Director

Place : Mumbai

Dated : 26th June, 2006.

ANNEXURE – A**(A) Measures taken to conserve energy:**

- (i) Shifted major heating load to night to balance Maximum Demand.
- (ii) Hot log shear – added small burner at entrance for pre-heating of logs.
- (iii) Press II-Replaced 3 H.P. overhead cooling fan with 1.5 H.P. fan.
- (iv) Replaced 10.5 H.P. under table cooling fan with one 3 H.P. main cooler.

(B) Additional Investment Proposed.

- (i) Hot Log Shear for 1650 MT. press to purchase.
- (ii) New design reverburatory furnace to purchase to reduce furnace oil consumption.
- (iii) Hot top casting system to purchase & install.

(C) Impact of (A) and (B) Above:

Will reduce maximum demand, electricity consumption and furnace oil consumption.

FORM – A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.**

	Current Year 2005-06	Previous Year 2004-05
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased Units – KWH	47,24,577	43,91,312
Total Amount (Rs.)	1,78,73,031	1,63,24,270
Av. Rate/Unit (Rs.)	3.78	3.72
(b) Own Generation		
(i) Through Diesel Generator		
Units – KWH	9,991	—
Unit/Litre of Diesel	3.15	—
Cost/Unit generated (Rs.)	12.81	—
(ii) Through Gas		
Unit – KWH	5,91,876	—
Unit/kg. of Gas	0.07	—
Cost/Unit generated (Rs.)	2.95	—
2. Coal (Specify quality and where used)	Nil	Nil
Quantity (Tonnes)	—	—
Total Cost	—	—
Average Cost	—	—
3. Furnace Oil		
Quantity (Ltrs.)	7,86,000	8,39,500
Total Amount (Rs.)	1,12,26,076	1,03,72,962
Average Rate (Rs./Ltr.)	14.28	12.36
4. Other (Internal Generation)	Nil	Nil
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
B. Consumption per ton of production		
Electricity (KWH/MT of extrusion Produced)	1,536.77	1,248.96
Furnace Oil (Ltrs.) (for casting)		
Aluminium Billets	162.24	177.28
Alloy	—	—
Coal (Specify Quality)	Nil	Nil
Others (Specify)	Nil	Nil



SUDAL INDUSTRIES LIMITED

ANNEXURE – B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF ABSORPTION OF RESEARCH AND 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, (uniform heating of logs with, minimum gas consumption) cost reduction, improvement of recovery by improved process control and process development, product development of new uses in domestic as well as overseas market, import substitution. |
| 2. Benefit derived as a result of R & D | : (i) Implementation of TS16949 & ISO 9001 – 2000 for over all quality improvement.
(ii) Wide range of precision downstream product taken up for Automobile and Electrical Industries.
(iii) Large and sophisticated sections and profiles are being developed regularly as import substitute. |
| 3. Future plan of action | : (i) To purchase hot top system for better billet quality.
(ii) To incorporate CAD-CAM system to improve die design.
(iii) To develop non conventional energy sources. |
| 4. Expenditure in R & D | : (a) Capital Rs. Nil
(b) Recurring Rs. 3.79 Lacs
(c) Total Rs. 3.79 Lacs
(d) Total R & D expenditure as a percentage of turnover .08% (Approx.) |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|---|--|
| 1. Efforts in brief made towards absorption, adaptation and innovation. | : As 1, 2 & 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, extrusion ageing, homogenising etc., maintenance practices recommended by Reynolds, Germany, have been put to practice as per the training to Engineers of the Company. |
| (d) If not fully absorbed areas where this has not been taken place, reasons therefore and future plans of action. | |

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company is exploring the possibility of export of its products. The Company has exported small quantity to Sri Lanka.

The required information in respect of foreign exchange earnings and outgo has been given in the Notes forming part of the Accounts for the year ended 31st March, 2006.

For and on behalf of the Board,

Place : Mumbai
Dated : 26th June, 2006.

SHRIRAM C. CHOKHANI,
Chairman & Managing Director

ANNEXURE "C" TO THE DIRECTORS REPORT: CORPORATE GOVERNANCE:

1. Company's Philosophy:

Your company has been practising the principles of good corporate governance and believes in importance of transparency. It is following sound systems to support healthy business operations and endeavours continuous improvements. Your company has already commenced to implement, to the extent possible the recommendations of the code of corporate governance as per the guidelines.

2. Board of Directors:

The Board of Directors of the Company comprises of a Managing Director, Joint Managing Director and presently four Non-Executive Directors including Nominee Director of Syndicate Bank.

Category of Director

Name of the Director

Promoter/Executive

Shri S. C. Chokhani – Industrialist
B.Com., DBM (ECP, USA)

Shri S. S. Chokhani – Industrialist
B.Com., AMP in Financial Management

Non-Promoter/Executive

—

Non-Executive Independent

Shri S. R. Malhotra – Executive
(Syndicate Bank Nominee)

Shri C. M. Maniar (M.A., B.Com., LLB) –
Solicitor & Advocate (Partner Crawford Bayley & Co.)

Shri D. N. Ajitsaria – Business
B.E. (Mechanical)

Shri S. N. Saraf (B.Com., LLB.) – Sr. Advocate (upto 30/04/2005)

Shri M. O. Shah (B.Com., C.A.) – Practicing Chartered Accountant
– w.e.f. 24/09/2005. (appointed in A.G.M. held on this date)

Attendance of each Director at the Board Meeting and last Annual General Meeting held during 2005-06 and number of Directorships of other Public Limited Companies and Chairmanship/Membership of Committees of each Director are:

Name of the Director	Other Pub./Pvt. Companies in which a Director	No. of Board Meetings/Audit Committee Meeting Attended	Attendance at last AGM	No. of Committee Membership	No. of Committee Chairmanship
S. C. Chokhani	—/01	05/-	Yes	01	01
S. S. Chokhani	—/01	05/04	Yes	03	—
C. M. Maniar	13/07	03	—	10	—
D. N. Ajitsaria	—	04/04	—	02	—
M. O. Shah	01/0	05/04	Yes	02	02
S. R. Malhotra (Nominee of Syndicate Bank)	—	02	—	—	—
S. N. Saraf*	—	—	—	—	—

* Upto 30/04/05



SUDAL INDUSTRIES LIMITED

Number of Board Meetings held during the year and the dates on which held:

Five board meetings were held during the financial year 2005-06. The date on which the said meetings were held are as follows:

30th April, 2005	30th July, 2005	30th January, 2006
27th June, 2005	24th October, 2005	

Shri S. N. Saraf was retired on 30/04/2005. Mr. M. O. Shah was appointed as Director in the Annual General Meeting held on 24/09/2005. For earlier period he was on the board as Additional Director.

Particulars of Directors:

Particulars of Directors seeking Re-appointment are as under:

Name of Director	: Shri Sudarshan S. Chokhani
Qualification	: B.Com., AMP in Finance
Expertise of Function Area	: Industrialist & Promoter of the Company
Director of other Companies	: Sudal Enterprises Pvt. Ltd.
Membership of committee of Board of Directors of other companies	: Nil

3. Audit Committee:

The Company had expressed its difficulty to Securities & Exchange Board of India in constituting various committees strictly in line with Clause 49 of Listing Agreement but the company's request was not acceded and, therefore, the Board of Directors has constituted the "Audit Committee" with available Directors as required under Clause 49 of the Listing Agreement with Stock Exchanges. During the year 2005-06, the Audit Committee formed with following Directors.

1. Shri D. N. Ajitsaria — Non-Executive Independent
2. Shri S. C. Chokhani — Executive
3. Shri M. O. Shah — Non-Executive Independent, Chairman

Now, meetings are held as per the requirement and for the purpose. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement, among other things.

The meetings were held on 27/06/2005, 30/07/2005, 24/10/2005 and 30/01/2006.

The Company Secretary of the company is the Secretary of the Committee and Chief Financial Officer of the company is the Co-ordinator of the committee.

4. Remuneration Committee:

The Board has also constituted Remuneration Committee with following Directors, who shall decide payment of remuneration to Directors subject to other statutory approvals as also directive to decide on staff annual pay structure, etc. One meeting was held on 27/06/2005.

1. Shri D. N. Ajitsaria — Non-Executive Independent
2. Shri S. C. Chokhani — Executive
3. Shri M. O. Shah — Non-Executive Independent, Chairman

The Company Secretary of the company is the Secretary of the Committee.

The details of Directors' remuneration during the year 2005-06 are as under:

Name of Director	Salary Paid (Rupees)	Sitting Fee Paid (Rupees)
S. C. Chokhani	6,84,000	—
S. S. Chokhani	—	—
C. M. Maniar	—	3,750
S. Malhotra (Nominee of Syndicate Bank)	—	2,500
D. N. Ajitsaria	—	5,000
S. N. Saraf	—	—
M. O. Shah	—	6,250