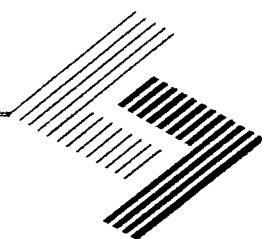
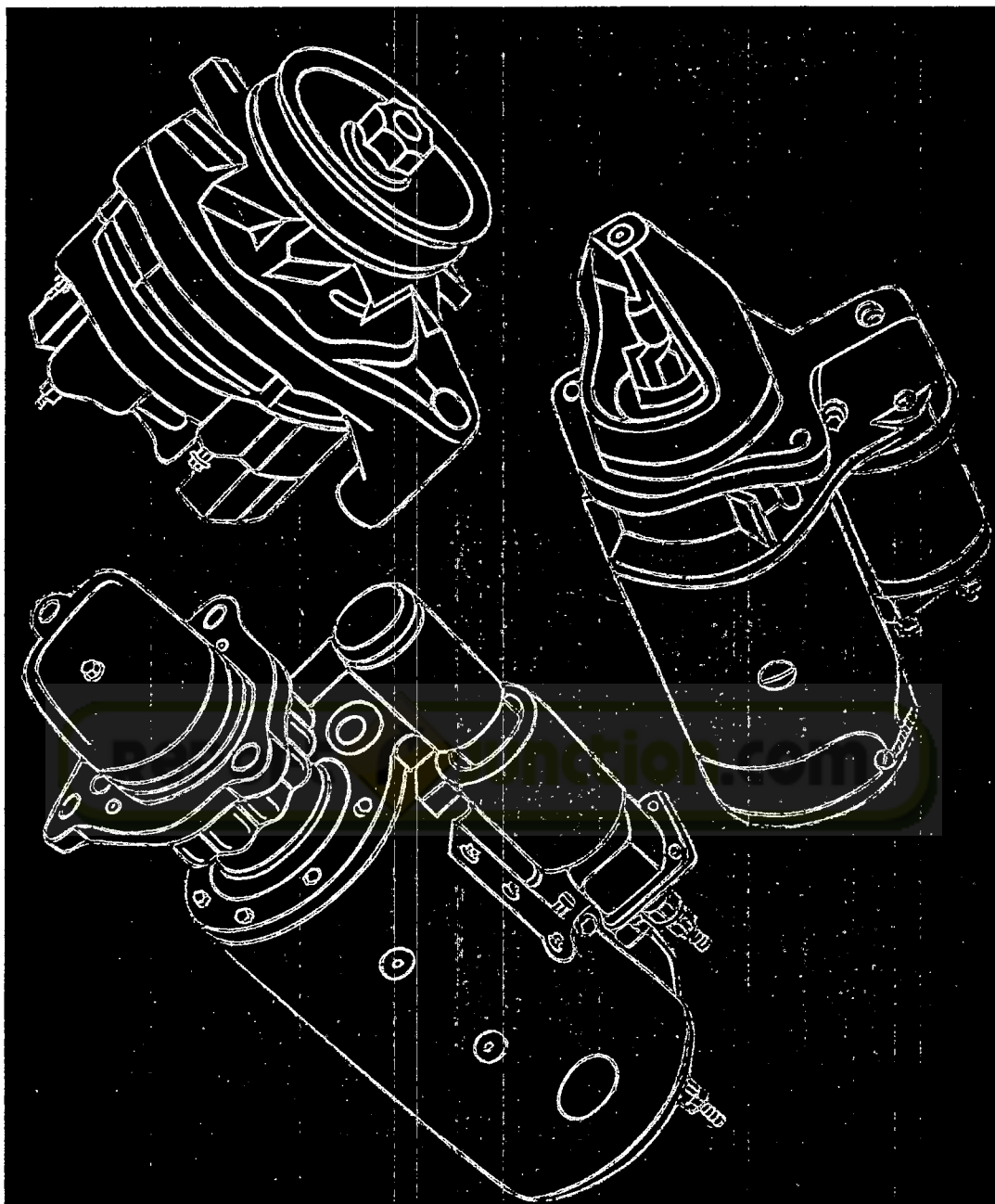


# ANNUAL REPORT - 1996 - '97



SAHNEY PARIS RHONE LTD.

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CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DEV	<input checked="" type="checkbox"/>
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AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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# SAHNEY PARIS RHONE LTD.

## REGISTERED OFFICE

SAHNEY PARIS RHONE LIMITED  
PLOT NO. 5 & 6, IDA  
PATANCHERU - 502 319  
MEDAK DISTRICT (A.P.)

## MANUFACTURING FACILITIES

SAHNEY PARIS RHONE LIMITED  
PLOT NO. 5 & 6, IDA  
PATANCHERU - 502 319  
MEDAK DISTRICT (A.P.)

SAHNEY PARIS RHONE LIMITED  
PLOT NO. A - 6, INDUSTRIAL ESTATE  
SANATHNAGAR  
HYDERABAD - 500 018.

SAHNEY PARIS RHONE LIMITED  
THONDAMANATHM VILLAGE  
VILLIANURE COMMUNE  
PONDICHERRY - 605 502.

SAHNEY PARIS RHONE LIMITED  
B-42 - B-47, SECTOR - 81  
NOIDA, PHASE III  
U.P - 201 305

## BOARD OF DIRECTORS

CHAIRMAN MANAGING DIRECTOR  
MR B. S. SAHNLY

DIRECTORS  
MR JAYANT K MALHOTRA  
MRS BRIJVEEN KAUL SAHNLY  
MR MAHENDRA C MEHTA  
MR A LAKSHMAN

DIRECTORS - COMMERCIAL  
VEHICLE PRODUCTS DIVISION  
A K BHANUMIK

PRESIDENT - PASSENGER  
VEHICLE PRODUCTS DIVISION  
S R NARAYANAN

GENERAL MANAGER - FINANCE  
& COMPANY SECRETARY  
S RAMESH

## BANKERS

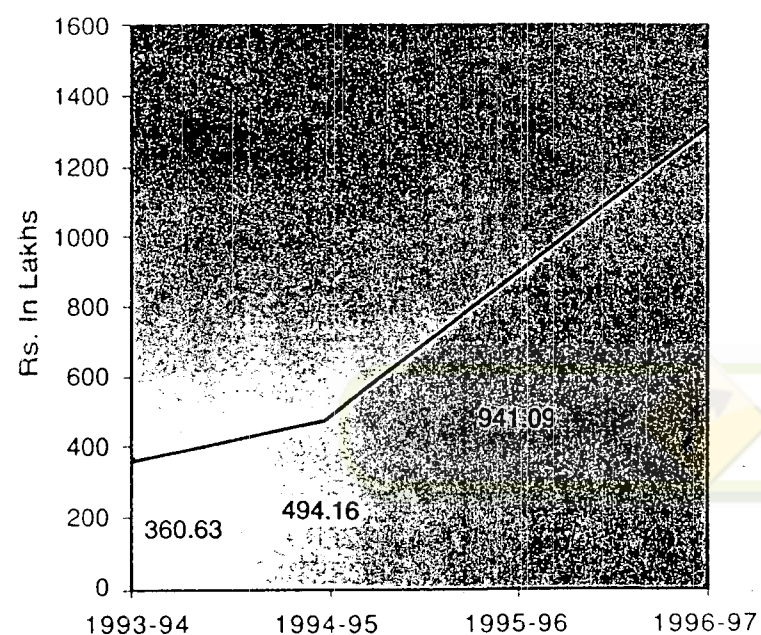
CANARA BANK  
PUNJAB NATIONAL BANK

## AUDITORS

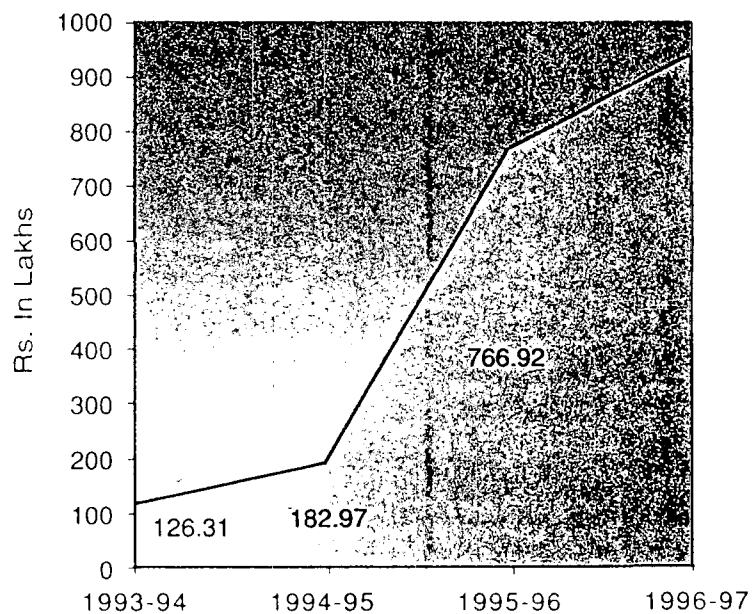
VENUGOPAL & CHENNY

# 1 9 9 6 - ' 9 7 A Y E A R O F G R O W T H

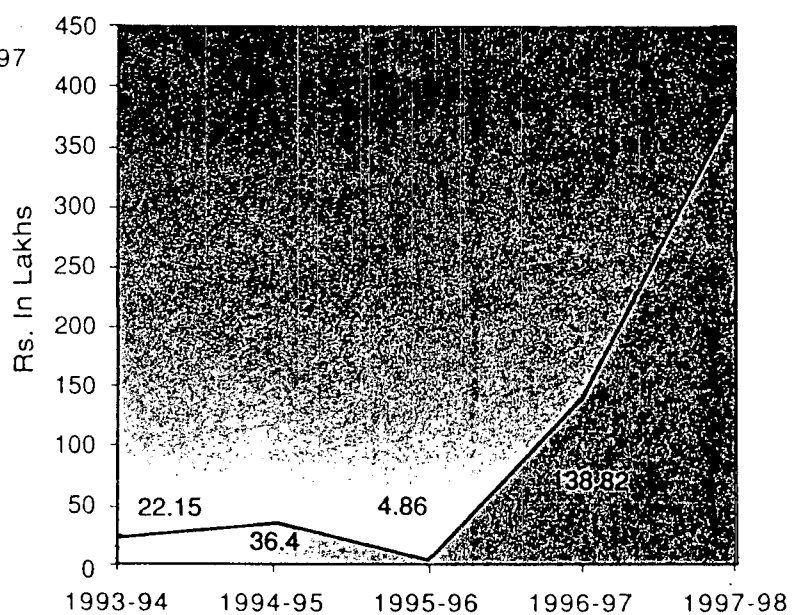
## GROSS FIXED ASSETS



## SHAREHOLDERS FUNDS



## TOTAL EXPORTS



## C O R P O R A T E   H I G H L I G H T S



- ★ ISO 9001 Certification received for the Patancheru plant.
- ★ Commenced commercial production at the new manufacturing facilities at Pondicherry and Hyderabad.
- ★ Commenced exports to Delco Remy America, U.S.A., as their global source of components.
- ★ Technology and distribution agreement with Delco Remy America for passenger cars and heavy duty starters and alternators.
- ★ Completed modernisation at the Patancheru plant.

# N O T I C E

To  
The Members  
Sahney Paris Rhone Limited

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held at Company's Registered Office at Plot No. 5 & 6 IDA, Patancheru - 502 319, Medak District, Andhra Pradesh on Monday, the 15th of September, 1997 at 11.00 A.M. to transact the following :

## AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at 31st March 1997 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend to Equity Shareholders.
3. To appoint a Director in place of Mrs Brijween Kaur Sahney who retires by rotation and being eligible offers herself for reappointment.
4. To appoint a Director in place of Mr Mahendra C Mehta who retires by rotation and being eligible offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"Resolved that M/s. Venugopal & Chenoy, Chartered Accountants, Hyderabad, be and are hereby reappointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"Resolved that Mr A Sreenivasa Rao, Chartered Accountant, be and is hereby appointed as Branch Auditor for Pondicherry Unit, to hold office until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company."

## 7. SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following Resolution(s), as a SPECIAL RESOLUTION(S) :

"RESOLVED that subject to such other consents as may be required, consent be and is hereby accorded, in terms of sections 198, 269, 297 (1), 309, 310, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956, to the re-appointment of Mr B S Sahney as the Managing Director of the Company, to hold and continue to hold the office of the Managing Director for a period of 5 years or such other period(s) as provided in the articles of association, upon terms and conditions set out in the draft Agreement submitted to this meeting and signed by the Chairman for the purpose of identification, which agreement is specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such a manner as may be agreed to between the Directors and Mr B S Sahney."

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution, as an Ordinary Resolution :

"RESOLVED that the consent of the Company under the provisions of Section 293 (1) (d) of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company (the Board) borrowing from time to time for the purpose of the Company's business any sum or sums of money as it may deem proper notwithstanding that

the amounts to be so borrowed together with moneys already borrowed by the Company, if any, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose provided that the total amount of the moneys to be so borrowed by the Board together with moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 35 crores (Rupees thirty five crores only) outstanding at any one time and that for the implementation of this Resolution the Board may act through any member thereof or any other person duly authorised by the Board in that behalf."

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

RESOLVED that, pursuant to Section 314 and other provisions of the Companies Act, the consent of the Company be and is hereby accorded to the Board of Directors to appoint Mrs. Jasmine Pillai as General Manager - Exports, holding office of profit under the Company, she being a relative of Mr. B S Sahney and Mrs. Brijween Kaur Sahney, Directors of the Company pursuant to the terms and conditions including relating to remuneration as contained in the letter of appointment dated 24.12.1996.

By Order of the Board of Directors

Place : Patancheru  
Date : 29th July, 1997

**S. RAMESH**  
Secretary

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**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956 :**

ITEM 7. The Company has witnessed tremendous change and a substantial growth during the last 5 years. This has been largely, as a result of efforts put in and the guidance provided by Mr B S Sahney as Chairman Managing Director of the Company. As his term of office has expired, it is proposed to reappoint Mr. B.S. Sahney as Managing Director for a further period of 5 years.

Keeping in view the present trends and the growth in the Company, it is proposed to enhance the remuneration payable to Mr B S Sahney, Managing Director with effect from 1st April, 1997.

(1) Salary - Rs. 90,000/- (Rupees ninety thousand only) per month.

(2) Perquisites -

In addition to the salary, Mr. B S Sahney shall be entitled to perquisites like furnished accommodation including gas, electricity and water, reimbursement of entertainment expenses incurred, medical reimbursement and leave travel concessions for self and family, club fees, medical insurance, etc., subject to the conditions that -

- All such perquisites shall be valued as per Income Tax rules, wherever applicable and at actual cost, Wherever Income Tax rules are not applicable.
- The aggregate annual value of perquisites shall be restricted to an amount equal to half of the annual salary as mentioned in clause (1).
- Company's Contribution to Provident Fund, Gratuity and Leave encashment payable at the end of the tenure as per the rules of the Company shall not be valued as perquisites ;

(3) COMMISSION

"Commission payable at 2% of the net profits of the Company computes as per the provisions of the Company's Act, 1956.

In the event of loss or inadequacy of profits, Mr. B S Sahney, shall be entitled to receive a total remuneration including perquisites, not exceeding Rs. 87,500/- per month."

In compliance with the provisions of Sections 269 and 309 of the Companies Act, 1956, the reappointment of the Managing Director on the terms of remuneration specified above is now being placed before the Members in a General Meeting for their approval.

The draft Agreement between the Company and Mr. B S Sahney is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day.

None of the Directors of the Company except Mr. B. S. Sahney, and Mrs. Brijween Kaur Sahney, are concerned or interested in this item of business.

This has been approved by the Board of Directors on the 29th of July, 1997.

ITEM 8. BORROWING POWERS At the Board Meeting held on 30th September, 1996, the Board of Directors of the Company (the Board) was authorised to borrow monies from time to time, in excess of the aggregate of the paid up capital of the Company and its free reserves subject to a maximum limit of Rs. 25 crores. The Board considers that the said limit of Rs. 25 crores is not sufficient to meet the present financial requirements of the Company in view of its proposed expansion programme.

The Board accordingly recommends that the said limit be increased to Rs. 35 crores. The Ordinary resolution being item 8 set out in the notice convening the meeting is intended to modify the aforementioned Resolution so that the Board may be empowered to borrow monies as and when considered necessary by the Company subject, however, to the limit specified therein.

The Board recommends that the Ordinary resolution be passed.

None of the Directors of the Company is concerned or interested in the proposed resolution.

**ITEM 9 : APPOINTMENT OF MRS. JASMINE PILLAI :**

Mrs. Jasmine Pillai has been working in the Company for more than 5 years and has also been assisting Mr. B S Sahney in his export promotion efforts. She has now been elevated to the position of 'General Manager - Exports' and she would be incharge of the Export Promotion efforts of the group. As exports have been taking off in the recent years, greater thrust is required. The proposed appointment is thus important for improvement of exports of the company.

The appointment was approved by the Board of Directors in their meeting held on 30th September, 1996.

The Directors recommend the resolution for approval of the members.

Mr. B S Sahney and Mrs. Brijween Kaur Sahney are interested in the resolution.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING MAY APPOINT A PROXY, WHO NEED NOT BE A MEMBER, TO ATTEND AND TO VOTE ON HIS/HER BEHALF, PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books shall remain closed from Monday the 8th of September 1997 to Monday the 15th of September, 1997 (both days inclusive).
3. The Dividend, when declared, will be payable on or after 15th of September, 1997 to those Members whose names appear on the Register of Members of the Company as on 15th September, 1997.
4. Members are requested to notify any change in their address to the Company.

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# D I R E C T O R S' R E P O R T

To  
All Members

Your Directors hereby present the Twenty Third Annual Report together with Audited statements of accounts for the year ended March 31,1997.

## 1. IN RETROSPECT

1996-97 saw an increase of 16% in sales and other income compared to previous year. Profit from operations before depreciation, interest, tax and extra-ordinary items was also higher at Rs.578.04 Lakhs against Rs.463.12 Lakhs. However, due to higher provision of depreciation, interest and tax, net profit was affected. Financial results are summarised below:

	31.03.1997	31.03.1996
Sales and Other Income:		
- Gross	3687.07	3183.02
- Net	3124.15	2687.20
- Gross profit for the year	574.92	514.06
- Deducted there from:		
Interest	203.84	155.61
Depreciation	51.35	36.45
Profit before Tax	319.73	322.00
Provision for tax	113.73	73.51
Profit after tax	206.00	248.49
Appropriations		
Equity Dividend	47.18	21.42
Tax on Dividend	4.72	-
Profit carried to Balancesheet	154.10	227.07
Earnings per share (Rs)		
On an annualised basis	*6.55	**23.20

\* On enhanced Equity Capital of Rs.314.50 lacs for full year

\*\* On Average Capital of Rs.105.50 lacs

Operating results could have been much better but for the "go slow" resorted to by the workmen during wage negotiations period. This was followed by slow down in production and sale of commercial vehicles.

## 2. MODERNISATION & EXPANSION:

New equipment and processes have been installed at Patancheru plant thus improving productivity and quality.