



SAHNEY PARIS RHONE LTD.



A N I T
R E P O R T
1 9 9 7 9 8





MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	N/A		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

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
THONDAMANATHAM 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 SAHNEY

DIRECTORS

MR JAYANT K MALHOUTRA
MRS BRIJWEEN KAUR SAHNEY
MR MAHENDRA C MEHTA
MR A LAKSHMAN
MR JACK COMBES
MR PAUL KRISHNAN
MR MIKE ALMA
MR A K BHAUMIK
MRS JASMINE PILLAI

PRESIDENT - NOIDA PROJECT
MR S R NARAYANAN

PRESIDENT - HEAVY DUTY PROJECT
MR S S ATHAVALE

GENERAL MANAGER - FINANCE
& COMPANY SECRETARY
MR S RAMESH

BANKERS

CANARA BANK
PUNJAB NATIONAL BANK

AUDITORS

VENUGOPAL & CHENOY



NOTICE

To
The Members
Sahney Paris Rhone Limited

NOTICE is hereby given that the Twenty Fourth 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 28th of September, 1998 at 11.00 A.M to transact the following:

AS ORDINARY BUSINESS

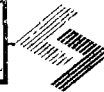
1. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that the Balance Sheet and Profit & Loss Account of the Company for the period ended on the 31st of March, 1998, as circulated to the Board duly authenticated by the Chairman of the Company for purposes of identification, be and is hereby approved and adopted together with the Auditors' Report thereon."

"FURTHER RESOLVED that Mr. B.S.Sahney, Chairman Managing Director, Mrs. Brijween Kaur Sahney, Director, Mr. A.K. Bhaumik, Director and Mr. S. Ramesh, Company Secretary be and are hereby authorised to authenticate the Balance-Sheet and Profit & Loss Account for the period ended on 31st March, 1998 in terms of the requirement of Section 215 of the Companies Act, 1956."

"ALSO RESOLVED that the draft Directors' Report on the Accounts as placed before the Meeting, duly initialled by the Chairman for purposes of identification, be and is hereby approved."

2. To declare dividend to Equity Shareholders.
3. To appoint a Director in place of Mr. Jayant Malhoutra who retires by rotation and being eligible offers himself for reappointment.
 - 4.1 To appoint Mr. Jack Combes, additional Director, whose term expires at this Annual General meeting of the company and being eligible offers himself for reappointment.
 - 4.2 To appoint Mr. Mike Alma, additional Director, whose term expires at this Annual General meeting of the company and being eligible offers himself for reappointment.
 - 4.3 To appoint Mr. Paul Krishnan, additional Director, whose term expires at this Annual General meeting of the company and being eligible offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL 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 resolutions as SPECIAL RESOLUTIONS.

“Resolved that Mr. A Sreenivasa Rao, Chartered Accountant, be and is hereby reappointed 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.”

“ALSO RESOLVED that the Board of Directors of the Company be and are hereby authorised to appoint suitable Auditor(s) for any other units or branches of the Company on such remuneration including reimbursement of expenses as they may deem fit, in consultation with the Company’s statutory Auditors.”

SPECIAL BUSINESS

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

“Resolved that, in terms of Sections 198, 257, 260, 269, 309, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956, Ms. Jasmine Pillai who was appointed as an Additional Director in the meeting of the Board of Directors held on the 8th of May, 1998 and who holds office as such upto the date of the Twenty Fourth Annual General Meeting and who being eligible offers herself for reappointment, be and is hereby appointed as a whole-time Director, on a remuneration as detailed below:

- i) Salary (including dearness and all other allowances) Rs. 1.97 lakhs per annum.
- ii) Perquisites, the aggregate value thereof shall not exceed Rs 1.02 lakhs per annum.”

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

“Resolved that, in terms of Sections 198, 257, 260, 269, 309, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956, Mr. A.K.Bhaumik who was appointed as an Additional Director in the meeting of the Board of Directors held on the 8th of May, 1998 and who holds office as such upto the date of the Twenty Fourth Annual General Meeting and who being eligible offers himself for reappointment, be and is hereby appointed as a whole-time Director, on a remuneration as detailed below:

- i) Salary (including dearness and all other allowances) Rs 5.70 lakhs per annum.
- ii) Perquisites, the aggregate value thereof shall not exceed Rs 3.37 lakhs per annum.”



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

“RESOLVED that, pursuant to provisions of Sections 269,309,310 and other applicable provisions of the Companies Act, 1956, and in partial modification of the resolution passed by the members at the Twenty Third Annual General Meeting held on the 15th of September, 1997, remuneration payable to Mr. B.S.Sahney, Managing Director, with effect from 1st of April 1998, be and is hereby modified to provide for payment of salary, perquisites and commission, as approved by the members at the Twenty third Annual General meeting, notwithstanding the absence or inadequacy of profits.”

By Order of the Board of Directors

Place : Patancheru
Date : 11th August 1998

S RAMESH
Secretary

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 the 21st of September 1998 to the 28th of September, 1998 (both days inclusive).
3. The Dividend, when declared, will be payable on or after 28th of September, 1998 to those Members whose names appear on the Register of Members of the Company as on 28th September, 1998.
4. Members are requested to notify any change in their address to the Company.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM 7 : APPOINTMENT OF MRS. JASMINE PILLAI : The amended Articles of Association of the Company provide for 4 Directors to be nominated by the Sahney Group. The Sahney group is presently represented by Mr. B.S. Sahney and Mrs. Brijween Kaur Sahney. The Sahney group has nominated Mrs. Jasmine Pillai as their third nominee.

Ms. Jasmine Pillai has been working in the Company for more than five years and has also been assisting Mr. B.S.Sahney in the export promotional activities of the Company. She is presently employed as the 'General Manager-Exports' of the Company.

The appointment was approved by the Board of Directors in their meeting held on the 8th of May, 1998.

The Directors recommend the resolution for approval of the members.

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

ITEM 8 : APPOINTMENT OF MR. A.K. BHAUMIK : The amended Articles of Association of the Company provide for one Director to be a member of the Management as designated by the Board. Accordingly the Board of Directors of the Company had approved the appointment of Mr. A.K. Bhaumik as a Director, in the Board meeting held on the 8th of May, 1998.

Mr. A.K. Bhaumik is working in the Company as the chief of the Commercial Vehicles Division.

The Directors recommend the resolution for approval of the members.

None of the Directors is concerned or interested in this item of business.

ITEM 9 : PAYMENT OF REMUNERATION TO MANAGING DIRECTOR.

The Company has been facing a severe recession for the last one year. Due to this the sales and profit during the years 1997-98 and 1998-99 would be adversely affected. In the light of these facts, the remuneration payable to the Managing Director is sought to be amended to provide for payment of full remuneration as approved by the members at the 23rd annual General Meeting, notwithstanding the absence or inadequacy of profits, if any.

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.

This has been approved by the Board of Directors on 11th of August, 1998.

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



DIRECTORS' REPORT

1. IN RETROSPECT

After continuous growth since Financial Year 1991-92, current year 1997/98 has seen a decline both in sale & profits. Since October '97 the commercial vehicle sector has been in recession. Your Company's product range during the year catered mainly to commercial vehicle sector and hence there was considerable slow down in production and sale volumes. Financial results are summarised below:

	Rupees/lacs 31.03.1998	Rupees/lacs 31.03.1997
Sales and Other Income:		
- Gross	3193.78	3687.07
- Net	2761.37	3124.15
- Gross profit for the year	495.26	574.92
- Deducted there from:		
Interest	250.95	203.84
Depreciation	80.77	51.35
Profit before Tax	163.54	319.73
Provision for tax	12.00	113.73
Profit after tax	151.54	206.00
Appropriations		
Equity Dividend	31.45	47.18
Tax on Dividend	3.14	4.72
Profit carried to Balance sheet	116.95	154.10
Earnings per share (Rs)		
On an annualised basis	4.82	6.55

2. NEW UNITS

2.1 NOIDA

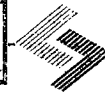
Facility to manufacture Passenger Car Starters is almost ready. Products are under validation both by Delco Remy America (DRA) & customers. We are also negotiating with DRA to sell components to them. DRA personnel have visited our plant and are reasonably satisfied with our capability to meet their requirement.

2.2. PONDICHERRY UNIT-II

New facilities to manufacture Heavy Duty Starters to meet requirement of Gen Set & Construction equipment manufacturers is being set up. Assembly operations have already commenced.

3. EXPORTS

During the year company's exports were Rs 399.38 Lakhs. However, due to certain policy changes by the customers the current range of products is being replaced with certain other products.



4. PROSPECTS

Continued recessionary conditions in automotive sector have affected sales & production of commercial vehicles as well as tractors. First quarter of the current year was adversely affected. Prospects for the second quarter also do not seem to be encouraging. However, Noida plant & Pondicherry Heavy Duty Plant should contribute substantially during third & fourth quarters.

5. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.1.00 per share for the year 97/98.

6. AUDITORS

The Company's Auditors M/s. Venugopal & Chenoy who retire at the conclusion of the Annual General Meeting are eligible for reappointment.

Mr. A Sreenivasa Rao had been appointed as Auditor to audit the Books of Accounts of Pondicherry unit for the year ended 31.3.98, whose term of office expires at this Annual General meeting. Being eligible, he offers himself for reappointment.

7. AUDITOR'S REPORT

Auditor's in their report have reference to Note No.5 and Note No.3 which are self explanatory.

8. PARTICULARS OF EMPLOYEES

Information required under Section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of employees) rules 1975 is annexed.

9. DIRECTORS

During the year, the Company had entered into a foreign collaboration with M/s Delco Remy, America. The collaborators have nominated three directors on the Board of Directors of the Company. The three nominees had been inducted as additional Directors and in terms of the provisions of the Companies Act, hold office until the twenty fourth Annual General meeting.

Being eligible they offer themselves for reappointment.

In terms of the collaboration, the Sahney group has nominated Mrs. Jasmine Pillai as a Director who was also inducted as an additional Director. Mrs. Jasmine Pillai also holds office until the twenty fourth Annual General meeting and being eligible offers herself for reappointment.

Further in terms of the collaboration agreement, Mr. A.K. Bhaumik a full time employee of the Company has been inducted as an additional Director and who being eligible has also offered for reappointment at the twenty fourth Annual General Meeting.

Mr. Jayant Malhoutra retires by rotation and being eligible offers himself for reappointment.



10. CONSERVATION OF ENERGY ETC.

As a part of its modernisation programme, new generation of manufacturing equipment with lower capacity electric motors are being installed, by the company, to replace higher power consuming equipments.

11. RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION

Company's in-house R&D facilities have enabled continuous redesigning of the products and their components to save cost and improve quality. Recurring expenditure of Rs.13.79 lacs incurred during the year, accounts for 0.52% of net Sales.

12. ACKNOWLEDGMENT

The Board of Directors is grateful to Industrial Development Bank of India, The Industrial Finance Corporation of India Ltd., The Industrial Credit and Investment Corporation of India Limited, Life Insurance Corporation of India, Canara Bank and Punjab National Bank, the Company's customers, suppliers and its share holders for their continued support and assistance.

13. EMPLOYEES

The Directors place on record their appreciation of the work done by the employees during this period.

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On behalf of the Board

Hyderabad
11th August, 1998

B S SAHNEY
Chairman