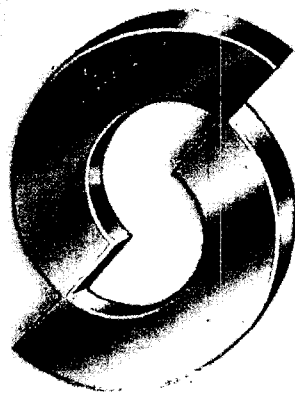




**STI Products India Limited**

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**DIRECTORS**

Dr. R.B. Baheti, *Executive Chairman*  
 Shri. K.N. Garg  
 Mr. P.S. Santhanakrishnan  
 Dr. S.M. Patil  
 Mr. C.S. Pani  
 Mr. Hasmukhray M.Amin  
 Mr. P.N. Mehra, *Executive Director*

**AUDITORS**

**M/s. Brahmayya & Co.**  
 Chartered Accountants,  
 Khivraj Mansions, 10/2, Kasturba Road,  
 Bangalore - 560 001.

**BANKERS**

**Canara Bank,**  
 Industrial Finance Branch,  
 83, Richmond Road,  
 Bangalore - 560 025.

MD	✓		BKC	✓
CS	NA		Dpy	NA
RO	✓			NA
TRA	NA			✓
AGM	✓			✓
YE	✓			✓

**REGISTERED OFFICE**

II Floor, Vinayaka Complex,  
 44/45, Residency Road Cross ,  
 Bangalore - 560 025.

**FACTORY**

Whitefield Road,  
 Mahadevapura Post;  
 Bangalore - 560 048.



## NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of **STI PRODUCTS INDIA LIMITED** will be held on Monday the 28th September, 1998 at 3.00 P.M. at Ashraya International Hotel, 149, Infantry Road, Bangalore-1 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 98 and Profit and Loss Account for the year ended 31st March, 1998 and the reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Dr. S.M. Patil, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. P.S. Santhanakrishnan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.S. Pani, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

### SPECIAL BUSINESS

### ORDINARY RESOLUTION

6. To Consider, and if thought fit, to pass with or without modification(s), the following as Ordinary Resolution :

**" RESOLVED THAT** in accordance with the provisions of the Articles of Association of the Company and Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with the Schedule XIII of the said Act and subject to such sanctions as may be necessary, the Company hereby approves the extension in the appointment of Shri. P.N. Mehra as Executive Director of the Company for a period of one year with effect from 1st May, 1998, upon the remuneration terms and conditions set out in the explanatory statement attached to the notice of the meeting."

**"RESOLVED FURTHER THAT** the Board may in its discretion alter and/or vary the terms and conditions from time to time so long as the same are in conformity with the provisions of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and as may be agreed to between the Board and Shri.P.N. Mehra."

For and on behalf of the Board of Directors  
**STI PRODUCTS INDIA LIMITED**

**Regd. Office :**

II Floor, Vinayaka Complex,  
44/45, Residency Road Cross,  
Bangalore - 560 025.

**P. N. MEHRA**  
Executive Director

Date : 26th.August, 1998

Place : Bangalore

**NOTES :**

1. The Explanatory statement pursuant to the provision of Section 173(2) of the Companies Act, 1956, is enclosed herewith.
2. A Member entitled to attend and to vote at the meeting is entitled to appoint a Proxy to attend and to vote at the meeting instead of himself and the Proxy need not be a Member of the Company.  
  
Proxies to be effective must be lodged with the Company's Registered Office not less than 48 hours before the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16<sup>th</sup> September, 98 to 28<sup>th</sup> September, 98 (both days inclusive).
4. Members are requested to inform the Company quoting their Registered Folio No. Any change in their addresses immediately so as to enable the Company to despatch any future communications at their correct addresses.
5. Members are requested to send their queries, if any, so as to reach the registered office of the Company at least seven days in advance of the meeting so that the information can be made available at the meeting.
6. The Members are requested to bring in their copy of Annual Reports while attending the Twenty Fourth Annual General Meeting of the company.

## ANNEXURE TO NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### SPECIAL BUSINESS

##### ITEM NO.6 :

The Extension in the appointment of Shri. P.N. Mehra, as an Executive Director of the Company was approved by the Board of Directors for a period of one year with effect from 1<sup>st</sup> May, '98 till 30<sup>th</sup> April, '99 subject to the provisions of the Articles of Association of the Company and Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with the schedule XIII of the said Act and subject to the approval of the shareholders.

Shri. P.N. Mehra is associated with the Company as Chief Executive since 1986 and has greatly contributed to the growth and the development of the Company since then. The Board of Directors are of the opinion that the extension in the appointment of Shri. P.N. Mehra for a period of one year will greatly help the Company and recommend that the same be approved by the shareholders on the following terms:

#### TERMS OF REMUNERATION

- (i) **Salary** : Rs.22,500/- (Rupees Twenty Two Thousand and Five Hundred only) per month
- (ii) **Perquisites**: In addition to Salary, Shri. P.N. Mehra will be allowed perquisites as specified in Parts A, B and C below.

#### PART - A

##### **(A) HOUSING INCLUDING GAS, ELECTRICITY, WATER AND FURNISHING**

- (i) The Expenditure by the Company on hiring unfurnished accommodation shall be subject to 50% of the salary over and above 10% of the Salary payable by Shri. P.N. Mehra. In case, however, no accommodation is provided by the Company, the House Rent Allowance shall be subject to the ceiling given on hiring unfurnished accommodation.
- (ii) The Expenditure incurred by the Company on Gas, Electricity and Water shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of Salary.

##### **(B) MEDICAL RE-IMBURSEMENT :**

Expenses incurred for Self and Family subject to a ceiling of one month's salary per year or three months salary over a period of three years.

##### **(C) LEAVE TRAVEL ALLOWANCE:**

For Self and Family once in a year in accordance with the Rules of the Company.

**(D) CLUB FEES:**

Fees of Club subject to a maximum of two clubs excluding Admission and Life Membership Fees

**(E) PERSONAL ACCIDENT INSURANCE:**

Of an amount, the Annual premium of which does not exceed Rs.4000/-.

The aggregate value of the Perquisites under PART - A will be restricted to an amount equal to the Annual Salary or Rs.1,80,000/-, whichever is less.

**PART - B**

- (a) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on Perquisites to the extent, these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (c) Encashment of Leave at the end of the tenure shall not be included in the computation of the ceiling on perquisites.

**PART- C**

- (a) Provision of Car for use of the Company's Business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for personal purposes shall be billed by the Company to Shri. P.N. Mehra.
- (b) Leave as per Regulations of the Company enforced from time to time. Currently, the regulations provided for privilege Leave of 30 days for every completed year of service.
- (c) Shri. P.N. Mehra will not be paid any Sitting Fee for attending the Meetings of the Board of Directors or Committee thereof.

The terms and conditions of the said appointment may be altered, varied from time to time by the Board of Directors as it may in its descretion deem fit within the maximum amount payable to the Executive Director as per Schedule XIII of the Companies Act, 1956, or any amendments made hereafter in this regard.

In compliance with the provision of Section 269 and 309 of the Companies Act, 1956, the appointment and the terms of remuneration specified above are now being placed before the members in the general meeting for their approval.

The Draft of the Agreement entered between the Company and Mr. P.N. Mehra is available for inspection at the Registered Office of the Company during the Office hours on any working day.

None of the Directors, except Shri. P.N. Mehra is interested in this Resolution.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of the Company with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 1998.

### FINANCIAL RESULTS:

The Financial results are as follows:

	Year Ended 31.03.98 (Rs. In Lacs)	Year Ended 31.03.97 (Rs. In Lacs)
Sales and Other income	<u>3089.48</u>	<u>3459.96</u>
Gross Operating Profit	235.97	293.01
Less: Interest & Finance Charges	<u>187.98</u>	<u>226.27</u>
Profit before Depreciation & Taxation	47.99	66.74
Less: Depreciation	<u>44.40</u>	<u>38.82</u>
	3.59	27.92
Loss on Sale of Assets	<u>56.15</u>	<u>--</u>
Profit/(Loss) before Taxation	(52.56)	27.92
Less: Provision for Income Tax	<u>--</u>	<u>3.75</u>
Profit after Taxation	(52.56)	24.17
Deferred payment expenditure	<u>11.74</u>	<u>11.73</u>
Balance of current year's Profit	(64.30)	12.44
Balance of profit of earlier year's	<u>191.65</u>	<u>179.21</u>
Amount available for appropriation	127.35	191.65
Transferred to General Reserve	<u>--</u>	<u>--</u>
Balance carried to Balance Sheet	127.35	191.65

### OPERATIONS

The sales and other income for the financial year under review were Rs.3090 lacs as against Rs.3460 lacs for the previous year. The drop in sales is due to the recessionary conditions in economy in general and the automobile industry in particular and tight market conditions in the user segments.

The Operative Profit was Rs.3 lacs as against Rs.28 lacs in the previous year. After adjustment of Loss on sale of assets of Tensioner Division the net loss for the current year is Rs.53 lacs. The drop in profit is on account of prevalent recessionary economic conditions.

Due to the loss Directors recommend no dividend to be paid.

The activities to manufacture Automobile Tensioners & Water Pump Bearings were kept under suspension for a major part of the year under review due to continuous losses. After a detailed review of the Product and the market conditions it was observed that the Division is not viable and thus the Board of Directors decided to close down the operation of the Division permanently.

### **PROSPECT FOR THE CURRENT YEAR**

The Current economic conditions in the country is similar to that prevalent in the previous years. Your Directors are hopeful, that the situation may change for the better in the second half of the current financial year. Your Directors will take all necessary steps matching with the situation to show better performance in the current year.

### **ISO 9002:**

Your Directors are pleased to inform that your Company have secured ISO 9002 accreditation.

### **EXPORTS**

The Export of the Company increased during the year under review from Rs.84 Lacs in 1996-97 to Rs.145 lacs.

### **DIRECTORS**

Mr. P.S. Santhanakrishnan, Mr. C.S. Pani and Dr. S.M. Patil Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. K. L. Ramaswamy's nomination on the Board of Directors of the Company has been withdrawn by Industrial Finance Corporation of India Limited. The Directors wish to place on record their appreciation of the contribution made by him.

Mr. L.C. Goyal resigned from the Board of Directors of the Company during the year on account of his pre-occupations with the other assignments. The directors wish to place on record their appreciation of the contribution made by him.

The present contract of appointment of Mr. P.N. Mehra, Executive Director expired on 30<sup>th</sup> April 1998. His appointment has been extended for a period of one year from 1<sup>st</sup> May '98 to 30<sup>th</sup> April '99. The necessary resolution has been incorporated in the Notice of the ensuing Annual General Meeting for members' approval.