

ANNUAL REPORT 1997-98

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PREMIER AUTO ELECTRIC LIMITED



BOARD OF DIRECTORS



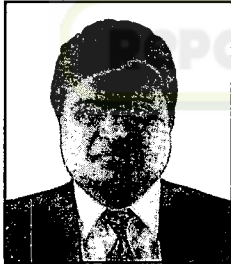
Shri Arvind R. Doshi
Chairman



Shri Jyotindra M. Vakil
Chairman Emeritus



Shri Vinod L. Doshi
Director



Shri Maitreya V. Doshi
Director



Shri Raman Patel
Director



Shri Arun Jaswantlal
Director



Shri S. G. Subrahmanyan
Director



Shri M. P. Poncha
Director



Shri R. N. Somai
Managing Director



PREMIER AUTO ELECTRIC LIMITED

BOARD OF DIRECTORS

Shri Arvind R. Doshi	Chairman
Shri Jyotindra M. Vakil	Chairman Emeritus
Shri Vinod L. Doshi	
Shri Maitreya V. Doshi	
Shri Raman Patel	
Shri Arun Jaswantlal	
Shri S. G. Subramanyan	
Shri M. P. Poncha	
Shri R. N. Somai	Managing Director

COMPANY SECRETARY

Shri Rajiv M. Chandan

BANKERS

State Bank of India
Bank of Baroda
Punjab & Sind Bank
Union Bank of India

MD	<input checked="" type="checkbox"/>		BK	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			

AUDITORS

Messrs K. S. Aiyar & Co.
Chartered Accountants

SOLICITORS & ADVOCATES

Messrs Daphtary Ferreira & Divan
Messrs Wadia Ghandy & Co.
Messrs Matubhai Jamietram

SHARE TRANSFER AGENTS

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11,
MIDC Area, Andheri (East),
Mumbai - 400 093
Phone : 8215235 • Fax : 835 0456

REGISTERED OFFICE

A-Block, Shivsagar Estates,
Worli, Mumbai - 400 018

FACTORY

38 (NP) Industrial Estate,
Ambattur,
Chennai - 600 098.

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48TH ANNUAL GENERAL MEETING

On Monday 28th September, 1998 at 3.30 p.m.
at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor,
18/20, K. Dubhash Marg, Mumbai 400 001.



PREMIER AUTO ELECTRIC LIMITED

NOTICE

NOTICE is hereby given that the Forty Eighth Annual General Meeting of the Members of PREMIER AUTO ELECTRIC LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 K. Dubhash Marg, Mumbai 400 001, on Monday, the 28th September, 1998 at 3.30 p.m. to transact the following business :

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Arvind R. Doshi who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri J. M. Vakil who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Maitreya V. Doshi who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To authorise the Board of Directors to appoint Auditors to audit the accounts of the Branches and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 228 of the Companies Act, 1956 the Board of Directors be and is hereby authorised to appoint the Company’s Auditors or any person or persons qualified for appointment as Auditor or Auditors of the Company to audit the accounts of the branch offices of the Company in India for the financial year ending on 31st March, 1999 and to fix their remuneration.”

AS SPECIAL BUSINESS :

8. To appoint a Director in place of Shri Vinod L. Doshi who has been appointed in the casual vacancy caused by the resignation of Shri C. P. Shah in respect of whom notice has been received by the Company from a member signifying his intention to propose Shri Vinod L. Doshi as a candidate for the office of Director.
9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

“RESOLVED THAT, if and when permitted by the law and subject to all applicable provisions of the law including modifications, re-enactments or promulgation of an ordinance and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to purchase such number of Equity Shares or other securities specified by the Government, of the Company as may be thought fit, from the holders of the Equity Shares or other securities of the Company in such proportion and manner as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company on such terms and subject to such conditions as may be prescribed by the law.”

“RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other securities.”

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“RESOLVED FURTHER that nothing hereinabove contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy-back any Equity Shares or securities.”

By Order of the Board of Directors

Rajiv M. Chandan
Company Secretary

Registered Office :

A-Block, Shivsagar Estates,
Worli,
Mumbai 400 018.

Dated : July 21, 1998

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THIS ANNUAL GENERAL MEETING.
2. The relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of item no. 8 and 9 set out above are annexed hereto.
3. The Register of Members and Share Transfer books of the Company will be closed from Thursday the 10th September, 1998 to Monday 28th September, 1998 (both days inclusive).
4. The dividend, if approved at the meeting, will be payable to those members whose names appear on the Register of Members as on 28th September, 1998.
5. Members are requested to notify any change in their addresses to the Company's Share Transfer Agents viz. MCS Limited, Shri Venkatesh Bhavan, Plot no. 27, Road No.11, MIDC Area, Andheri (East), Mumbai - 400 093.
6. Pursuant to section 205(A) of the Companies Act, 1956 all unclaimed dividend upto the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not claimed or collected their dividend for the said financial year may claim their dividend from the Registrar of Companies, Maharashtra, Hakoba Mill Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Mumbai - 400 033 by submitting an application in the prescribed form.
7. The unclaimed dividend for the following financial years will be transferred to the General Revenue Account of the Central Government on the date specified against the year :-

Financial Year ended	Due for Transfer on
31st March, 1995	14th September, 1998
31st March, 1996	27th September, 1999
31st March, 1997	28th October, 2000

Shareholders who have not encashed the dividend warrants for the above years are therefore requested to immediately forward the same to the Company to facilitate payment.

REQUEST TO THE MEMBERS

1. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their Annual Report to the Meeting.
2. Members desiring any relevant information on the Accounts at the Annual General Meeting are requested to write to the Company Secretary at the Registered Office of the Company at least seven days before the date of the Meeting, as to enable the management to keep the information ready.
3. Members who have multiple folios in identical names or joint names in the same order are requested to send all the Share Certificates to the Company Secretary or to the Company's Share Transfer Agents MCS Limited for consolidation of all such folios into one to facilitate better services.



PREMIER AUTO ELECTRIC LIMITED

ANNEXURE TO NOTICE

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

Item No.8

Pursuant to the Provisions of Section 262 of the Companies Act, 1956 read with Article 122 of Articles of Association of the Company, Shri Vinod L. Doshi was appointed a Director of the Company on 30th May, 1996 to fill the casual vacancy on the Board caused by the resignation of Shri C. P. Shah, Director of the Company.

Shri C. P. Shah would have held office upto the date of forthcoming Annual General Meeting had he not resigned. Pursuant to the provisions of section 262 of the Companies Act, 1956 read with Article 122 of the Articles of Association of the Company, Shri Vinod L. Doshi holds office upto the date of forthcoming Annual General Meeting. Notice has been received by the Company from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Vinod L. Doshi as a candidate for the office of the Director alongwith a deposit of Rs.500/-.

Shri Vinod L. Doshi is a well known industrialist and have rich and varied experience in business and automobile industry. His appointment as a Director will be of immense value and benefit to the Company. Hence your Board of Directors recommend his appointment.

Except Shri Vinod L. Doshi and Shri Maitreya V. Doshi no other Director of the Company is concerned or interested in this resolution.

Item No.9

The Companies Act, 1956 presently prohibits a Company from purchasing its own shares and securities. However, it is anticipated that the law may, in future, permit a Company to buy-back its own shares/securities.

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy-back its Equity Shares or such other permissible securities, upto such extent as may be permitted by law of the paid-up capital of the Company, from the members of the Company either from the

open market or from the holders of odd lots or as permitted by the law. The buy-back of shares or securities would be on the terms and conditions and from the funds permitted by law as set out in the Resolution.

The approval of the shareholders for such buy-back of shares was obtained at the Annual General Meeting held on 17th July, 1995. Based on the provisions of Company Bill 1997, the above approval is valid upto 15 months from the date of approval.

The Resolution as set out in this Notice is being proposed again as the law in this regard has so far not been amended. The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing the Resolution or such other time limit as may be permitted by law.

The Directors recommend the Resolution for acceptance by the members.

By Order of the Board of Directors

Rajiv M. Chandan
Company Secretary

Registered Office :

A-Block, Shivsagar Estates,
Worli,
Mumbai 400 018.

Dated : July 21, 1998



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CHAIRMAN'S STATEMENT

Dear Members,

I would like to extend a very warm and cordial welcome to each and every one of you to this 48th Annual General Meeting of the Company.

First of all, I would like to put on record the valuable services rendered by Shri J. M. Vakil who was Chairman of this Company for the last 25 years. In appreciation your Board of Directors have decided to designate him as "Chairman Emeritus". You, our valued Shareholders have been extending excellent support to Mr. Vakil over the years and I am sure you will continue to extend the same co-operation to me.

I have been given the responsibility of the Company when the political scenario and the economy are in turmoil. The earlier coalition Government had to go and general elections were held in January 98. No single party could get majority and our country has to get used to live with coalition or multi-party Government.

In the last one year, automobile industry has been badly hit. The growth rate for the sale of vehicles which was 16% in 1996-97 came down to 1% in 1997-98. First few months of the current financial year are also further witnessing negative growth. This has also affected our operations.

Testing of nuclear bombs, sanctions by USA and other countries, downgrading of the country rating by Moodys' have resulted in depreciation of the rupee, diving of the stock market and creation of atmosphere of uncertainty.

The budget with emphasis on creation of demand and importance to infrastructure sector had to be balanced with additional means for generation of revenue. We hope it will create demand in the near future which is very essential for the economy.

Automobile parts business is also going through sea change. With many new vehicle manufacturers and lot of imported parts being used it is difficult for the normal shopkeeper to stock all the parts. Marketing of spare parts is also undergoing change. The Company continues to concentrate mainly on the area of its core strength, namely, marketing and distribution of automotive components in after-market to consolidate its position.

We have signed a fresh agreement with the employees in the month of June. I would like to put on record special appreciation for all our employees who have always risen to the occasion in difficult times.

This company has a record of paying dividend since inception. Though the surplus available is not adequate, your board has decided to recommend 10% dividend which is permitted by drawing from the reserves.

I am sure that the difficult phase which we are passing through at the moment is temporary and we should come out of it soon.

I would like to express my special appreciation to the banks and financial institutions for their continuous support and valuable co-operation extended to the Company.

Lastly, I would like to thank the shareholders, customers, dealers, principals and employees at all levels for their contributions and support.

Arvind R. Doshi
Chairman



PREMIER AUTO ELECTRIC LIMITED

DIRECTORS' REPORT

To the Members:

Your Directors have pleasure in presenting their Forty Eighth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 1998.

1. FINANCIAL RESULTS:

	(Rs.in lacs) Current Year ended 31.3.1998	(Rs.in lacs) Previous Year ended 31.3.1997
Profit before depreciation & taxes	546.14	1150.54
Less: Depreciation	281.14	420.72
Profit before Tax	265.00	729.82
Less: Provision for tax/wealth tax	160.00	445.48
Profit after Tax but before prior years' Adjustments	105.10	284.34
Prior years' adjustments-Taxation for earlier years	100.00	0.00
Profit after taxes	5.10	284.34
Add: Surplus of previous year	53.52	18.61
Add: Transfer from General Reserve	46.10	—
Funds available for appropriation	104.72	302.95
Which the Directors have appropriated as under :		
Proposed dividend	95.20	190.39
Corporate Tax on Dividend	9.52	19.04
Transfer to General Reserve	—	40.00
Balance carried forward	—	53.52
	104.72	302.95

2. DIVIDEND :

Your Directors recommend for your approval payment of dividend for the year ended 31st March 1998 at Re 1/- per Equity Share of Rs.10/- each . In order to facilitate the dividend payment Rs. 46.10 lacs were drawn from General Reserves.

3. OPERATIONS:

The turnover of the Company during the year is Rs.144.58 crores against Rs.145.95 crores last year. In spite of bad economic situation and recession in the Automotive Industry and difficult market conditions, our core activity i.e. marketing and distribution of spare parts registered a marginal growth. There is however a set back in the other activities like distribution of spare parts of The Premier Automobiles Limited and PAL Peugeot Limited (due to a very low production of vehicles), activities of Auto Electrical Division, financial service activities and service activities comprising of fitment of Air Conditioners in cars.

From the last quarter of 1997 the business situation has been unsatisfactory and continues to be so till the first quarter of 1998 and we see no sign of recovery. The drop of production volumes by the vehicle manufacturers has affected our business. During the year the Company has taken various measures to control the expenses and consolidate activities in the market place.

The Directors are pleased to inform you that for marketing operations in the State of Tamil Nadu, the Company has received ISO 9002 Certification from RWTUV, Germany during the year. This is probably first time in the country that the Certificate has been awarded to a Auto Spare Parts marketing and distribution Company.

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During this year also the Company has carried out fitment of CNG Kits in 457 cars / taxis. It will contribute to the reduction of pollution in the city of Mumbai.

4. CRISIL RATING :

During the year your Company continues to maintain "FAA" rating awarded by CRISIL for its Fixed Deposit Scheme.

5. FIXED DEPOSITS:

The amount of Fixed Deposits accepted from the public during the year under review stands at Rs 194.57 lacs.

At the end of the year, there were 61 deposits which matured but were not claimed by the depositors. These deposits amounted to Rs.9.45 lacs. There were no deposits during the year, which were claimed but not paid by the Company.

6. DIRECTORS :

Shri J. M. Vakil resigned as Chairman effective from 9th September, 1997. However he continues to be a Director on the Board. With a view to honour Shri J. M. Vakil for his long tenure of service to the Company as Chairman, the Board of Directors appointed him as "Chairman Emeritus". The Board of Directors place on record their highest appreciation of the valuable services rendered and the significant contribution made by him as Chairman of the Company for the last 25 years.

The Board of Directors at their meeting held on 9th September, 1997 appointed Shri Arvind R. Doshi as Chairman of the Company.

Shri Vinod L. Doshi who has been appointed as Director on 30th May, 1996 in the casual vacancy caused by the resignation of Shri C. P. Shah. As such

he holds office upto the date of forthcoming Annual General Meeting. The Company has received notice from a member signifying his intention to propose Shri Vinod L. Doshi as candidate for the office of the Director as required under Section 257 of the Companies Act, 1956. The necessary resolutions are placed before the Members.

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company Shri Arvind R. Doshi, Shri J. M. Vakil, Shri Maitreya V. Doshi, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment.

7. AUDITORS :

M/s. K. S. Aiyar & Co., Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

8. AUDITORS' REPORT :

In respect of comments made by the Auditors in their report to the members, the notes to accounts on matters referred therein are self explanatory.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information pursuant to section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in the Annexure 'A' forming part of this Report.

10. PARTICULARS OF EMPLOYEES:

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975