

PREMIER AUTO ELECTRIC LIMITED

ANNUAL REPORT 1998-99





PREMIER AUTO ELECTRIC LIMITED

BOARD OF DIRECTORS

Shri Arvind R. Doshi - Chairman & Managing Director

Shri Jyotindra M. Vakil - Chairman Emeritus

Shri Vinod L. Doshi

Shri Maitreya V. Doshi

Shri Raman Patel

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

Union Bank of India

AUDITORS

Messrs K. S. Aiyar & Co.

Chartered Accountants

SOLICITORS & ADVOCATES

Messrs Matubhai Jamietram

Messrs Madekar & Co.

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 Estate,

Worli, Mumbai - 400 018.

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49TH ANNUAL GENERAL MEETING

On Monday, 6th September, 1999

at 3.30 p.m.

at M.C. Ghai Hall,

Bhogilal Hargovindas Building,

2nd Floor,

18/20, K. Dubhash Marg,

Mumbai 400 001.



NOTICE

NOTICE is hereby given that the Forty Ninth 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 6th September, 1999 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, 1999 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri M. P. Poncha who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri S. G. Subrahmanyam who retires by rotation and, being eligible, offers himself for reappointment.
4. 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.
5. 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, 2000 and to fix their remuneration."

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -
 "RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals / sanctions as may be necessary, the Company hereby accords its consent and approval to the appointment and the terms of remuneration of Shri Arvind R. Doshi as Chairman & Managing Director by the Board of Directors for a period of 5 years with effect from 8th April, 1999, upon the terms and conditions as set out in the draft of the agreement placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty

to the Board of Directors to alter and vary, or widen the scope of remuneration and perquisites including the monetary value thereof to the extent of any relaxation by the Central Government in the guidelines or ceilings on managerial remuneration and /or to the extent specified in Schedule XIII of the Companies Act, 1956, as amended from time to time, and that the Board of Directors of the Company be and is hereby authorised to enter into an agreement with Shri Arvind R. Doshi, Chairman & Managing Director, in terms of the said draft of the agreement with such modifications as may be agreed to and acceptable to the Board of Directors and to Shri Arvind R. Doshi, Chairman & Managing Director".

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for the purpose of giving effect to this resolution."

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

"RESOLVED THAT, subject to the provisions of sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves, ratifies and confirms the appointment and payment of remuneration, as set out in the explanatory statement annexed to this notice including remuneration paid or payable which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956, to Shri R. N. Somai, Managing Director and subject to the approval of the Central Government waives the recovery of the said remuneration from Shri R. N. Somai, Managing Director being remuneration paid to him to the extent it exceeds the statutory limits laid down under the Companies Act, 1956 and approves the consequential retention thereof by him".

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for the purpose of giving effect to this resolution."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution: -

"RESOLVED THAT, pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner:

Insert the following Heading and Article as Article 63A after Article 63



PREMIER AUTO ELECTRIC LIMITED

63A DEMATERIALISATION OF SECURITIES

1. Definitions

For the purpose of this Article: -

'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992 and

'Security' means such security as may be specified by SEBI from time to time.

2. Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

3. Option for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

4. Securities in depositories to be in fungible form

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

5. Rights of depositories and beneficial owners

(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided (a) above, the depository as the registered owner of the securities shall not have

any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

6. Service of documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

7. Transfer of securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

8. Allotment of securities dealt with by a depository

Notwithstanding anything in the Act or these Articles where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

9. Distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.

10. Register and Index of beneficial owners

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

By Order of the Board of Directors

Rajiv M. Chandan
Company Secretary

Registered Office:

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

Dated : July 20, 1999



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. 6 to 8 set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 28th August, 1999 to Monday, the 6th September, 1999 (both days inclusive).
4. Members are requested to notify any change in their addresses to the Company or its share transfer agents viz. MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No.11, MIDC Area, Andheri (East), Mumbai 400 093 or their Depository Participants (DP).
5. Pursuant to section 205(A) of the Companies Act, 1956 all unclaimed dividend upto the Financial Year ended 31st March, 1995 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 by submitting an application in the prescribed form.

Consequent upon the amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years will be thereafter transferred to the Investors Education and Protection Fund to be established by the Central Government.

Members who have not encashed the dividend warrants for the years 1995-96, 1996-97 and 1997-98 are therefore requested to immediately forward the same to the Company to facilitate payment.

6. The Company's Equity Shares are listed on the following Stock Exchanges :
 - a) The Stock Exchange, Mumbai,
P. J. Towers, Dalal Street,
Mumbai - 400 001.
 - b) The Stock Exchange, Ahmedabad,
Kamdhenu Complex, Ahmedabad - 380015.
 - c) The National Stock Exchange of India Ltd.,
Trade World, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.

The Company has paid annual listing fees for the financial year 1999-2000 to all three Exchanges.

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 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 Registrar and Transfer Agents, MCS Limited for consolidation of all such folios into one to facilitate better services.

ANNEXURE TO NOTICE

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

Item No. 6

The Board of Directors at their meeting held on 8th April, 1999 have appointed Shri Arvind R. Doshi as "Executive Chairman" of the Company for a period of 5 years w.e.f. 8th April, 1999. However, with the resignation of Shri R. N. Somai as Managing Director of the Company, the Board of Directors at their meeting held on 20th July, 1999 have redesignated Shri Arvind R. Doshi as Chairman & Managing Director of the Company.

Shri Arvind R. Doshi besides having brilliant academic career in Engineering and in Management also has rich experience in the field of Industry and particularly in Automobile Sector. His vast experience in the industry and particularly in Automobile sector will be of immense use for the Company.

The terms and conditions of the appointment of Shri Arvind R. Doshi are as under:-

1. Salary
Rs. 50,000/- per month in the grade Rs. 50,000/- — 7,500/- — 80,000/-
2. Commission
Such remuneration by way of commission with reference to the net profits of the Company in each financial year as may be determined by the Board of Directors at the end of financial year subject to the ceilings and provisions stipulated in sections 198, 309 and 310, Schedule XIII & other applicable provisions of the Companies Act, 1956.
3. Perquisites
The Chairman & Managing Director will be entitled for the following perquisites subject to a ceiling of 125% of Annual Salary.



PREMIER AUTO ELECTRIC LIMITED

- a) Housing:
Furnished accommodation/house rent allowance.
Also entitled to house maintenance allowance together with utilities thereof such as gas, electricity, water, furniture, furnishing and repairs.
- b) Medical reimbursement:
Medical expenses incurred for self and family subject to ceiling of one month's salary per year or 5 (Five) month's salary for the period of 5 (Five) years.
- c) Leave Travel Concession:
For self and family once in a year, as per the rules of the Company.
- d) Car:
Provision of Company car with driver.
- e) Club Fees :
Fees of Club subject to a maximum of two clubs, this will not include admission and life membership fees.
- f) Medical and Accident Insurance:
Hospitalisation Domiciliary Hospitalisation Benefit Policy for self and family and Personal Accident Insurance for self.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated on actual cost.

"Family means the spouse, dependent children and dependent parents".

4. Other Benefits

In addition to the above perquisites, the Chairman & Managing Director shall also be entitled for the following benefits. These benefits will not be included in the computation of ceiling on perquisites:

- a) Company's contribution to the Provident Fund and Superannuation Fund or Annuity Fund to the extent these either single or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity : As per the rules of the Company.
- c) Leave : As per the rules of the Company.
- d) Leave Encashment : Leave accumulated but not availed during the tenure will be allowed to encash.
- e) Telephone : Free telephone facility at residence.
- f) The Chairman & Managing Director will be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out of pocket expenses incurred in the course of the Company's business.

5. Minimum Remuneration

Where in any financial year during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of salary, perquisites and benefits to the Chairman & Managing Director subject to the approval of Central Government.

Memorandum of Interest: -

Shri Arvind R. Doshi is concerned and interested in the Resolution.

The Board of Directors recommends the resolution for the approval of the members.

The proposed draft agreement is available for inspection at the Registered Office of the Company from 11.00 a.m. to 1.00 p.m. on all working days except on Sundays.

Item No. 7

Shri R. N. Somai's term of appointment as the Managing Director expired on 31st May, 1999. The Board of Directors at their meeting held on 8th April, 1999 have re-appointed Shri R. N. Somai as Managing Director of the Company w.e.f. 1st June, 1999 for a period of 5 years.

The terms and conditions of appointment are as under:-

1. Salary

Rs. 50,000/- per month in the grade Rs. 50,000/- — 5,000/- — 70,000/-

2. Commission

Such remuneration by way of commission with reference to the net profits of the Company in each financial year as may be determined by the Board of Directors at the end of financial year subject to the ceilings and provisions stipulated in sections 198, 309 and 310, Schedule XIII & other applicable provisions of the Companies Act, 1956.

3. Perquisites

The Managing Director will be entitled for the following perquisites subject to a ceiling of 125% of Annual Salary.

- a) Housing:
Furnished accommodation/house rent allowance.
Also entitled to house maintenance allowance together with utilities thereof such as gas, electricity, water, furniture, furnishing and repairs.
- b) Medical reimbursement:
Medical expenses incurred for self and family subject to ceiling of one month's salary per year or 5 (Five) month's salary for the period of 5 (Five) years.
- c) Leave Travel Concession:
For self and family once in a year, as per the rules of the Company.
- d) Car:
Provision of Company car with driver.



- e) Club Fees :
Fees of Club subject to a maximum of two clubs, this will not include admission and life membership fees.
- f) Medical and Accident Insurance:
Hospitalisation Domiciliary Hospitalisation Benefit Policy for self and family and Personal Accident Insurance for self.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated on actual cost.

"Family means the spouse, dependent children and dependent parents".

4. Other Benefits

In addition to the above perquisites, the Managing Director shall also be entitled for the following benefits. These benefits will not be included in the computation of ceiling on perquisites:

- a) Company's contribution to the Provident Fund and Superannuation fund or Annuity Fund to the extent these either single or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity : As per the rules of the Company.
- c) Leave : As per the rules of the Company.
- d) Leave Encashment : Leave accumulated but not availed during the tenure will be allowed to encash.
- e) Telephone : Free telephone facility at residence.
- f) The Managing Director will be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out of pocket expenses incurred in the course of the Company's business.

5. Minimum Remuneration

Where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of salary, perquisites and benefits to the Managing Director subject to the approval of Central Government.

In July, 1999 Shri R. N. Somai tendered his resignation from the services of the Company as Managing Director. The Board of Directors at their meeting held on 20th July, 1999 accepted the resignation of Shri R. N. Somai as Managing Director of the Company and agreed to relieve him from the services on 15th September, 1999 after the office hours.

The Board of Directors at their meeting held on 20th July, 1999 also approved the retention of salary, perquisites and allowances paid and payable to Shri R. N. Somai during his

tenure as Managing Director as approved by the Board of Directors at the meeting held on 8th April, 1999 to the extent which was in excess of statutory limits as set out above. An Application is being made to the Central Government seeking the approval for the retention by the said Managing Director of the excess remuneration paid to him. Your approval, ratification and confirmation is sought for the appointment, payment of remuneration including remuneration paid in excess of statutory limits laid down in the Companies Act, 1956, subject to the approval of Central Government.

Memorandum of Interest :-

Shri R. N. Somai is concerned and interested in the Resolution.

The Board of Directors recommends the resolution for the approval of the members.

Item No. 8

Consequent upon the enactment of the Depositories Act, 1996 and introduction of Depository System, in order to provide optional facilities to its members, the company has entered into a Tripartite Agreement with National Securities Depository Limited (NSDL) and its Registrars & Transfer agents MCS Limited on 12th July, 1999. The Equity Shares of the Company are now available in electronic form.

The depositories Act, 1996, has amended some of the provisions of the Companies Act, 1956 and Securities Contracts (Regulation) Act, 1956, (hereinafter collectively referred to as the Acts) pertaining to the issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the Depository System.

In order to bring the Articles of Association of the Company in line with the Acts, it is proposed to amend the Company's Articles of Association, suitably, as set out in the Resolution at item No. 8.

The Board of Directors recommends the resolution for the approval of the members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed amendments is available for inspection by the members of the Company at the Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

By Order of the Board of Directors

Rajiv M. Chandan
Company Secretary

Registered Office:

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

Dated : July 20, 1999.



PREMIER AUTO ELECTRIC LIMITED

CHAIRMAN'S STATEMENT

Dear Members,

I would like to extend a very warm and cordial welcome to each and everyone of you on this 49th Annual General Meeting of the company.

The year under report has been a difficult year for most of the Indian industry, in particular for engineering industry. In the auto industry, many sectors witnessed a negative growth and in other cases the growth rate has come down substantially. Though many new vehicle manufacturers have entered the scene, the capacity utilisation remains dismal.

The Indian auto component industry also has suffered on one hand due to the heavy investments made in the past couple of years and on the other hand due to demand recession. Many multinational component manufacturers have entered the Indian market with long term objectives. Small and medium scale companies who are in the component business are therefore having a tough time facing the competition with limited resources.

Growing awareness about environment is a welcome sign and the recent directives of the Supreme Court on the imposition of emission standards for all vehicles will go a long way in improving our environment and quality of life. As you are aware your company is one of the leaders in fitment of Compressed Natural Gas kits in the vehicles resulting in very low level of emission.

We were expecting some improvements in the situation when again the coalition government was brought down and fresh elections have been thrust on the people. Also with the current Kargil situation, signs of stability and recovery are postponed.

Your Company has taken major steps during the year to restructure the business considering the ground realities. Auto Electrical Division was closed with effect from 3rd August, 98. A voluntary retirement scheme was offered to employees and at year end we have 373 employees against 475 employees in the previous year. We have taken major initiatives in cost control, reduction of establishment cost etc.

Your company is now focussed in its core-activity of marketing and distribution of automotive spare parts. We are working on technological advancement in the field of Information Technology application for our company which will enable reduction of inventory and better service to customers. We hope to have the system in place by year-end.

I would like to express my special thanks to the banks 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.

Before I close, on behalf of the members of the Company and on my own behalf, I would like to place on record our appreciation of valuable services rendered by Shri R. N. Somai during his tenure of 9 years with the Company. His dedicated efforts and professional competence helped the Company to grow to the present level.

ARVIND R. DOSHI
CHAIRMAN & MANAGING DIRECTOR

Dated : July 20, 1999



DIRECTORS' REPORT

To the Members:

Your Directors have pleasure in presenting their Forty Ninth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 1999.

1. FINANCIAL RESULTS:

	(Rs.in lacs) Current Year ended 31.3.1999	(Rs.in lacs) Previous Year ended 31.3.1998
Profit before depreciation & taxes	175.60	546.14
Less: Depreciation	192.11	281.14
Profit /(Loss) before Tax	(16.51)	265.00
Less: Provision for tax/wealth tax	34.52	160.00
Profit /(Loss) after Tax but before prior years' Adjustments	(51.03)	105.10
Less: Prior years' adjustments-Taxation for earlier years	91.09	100.00
Profit / (Loss) after taxes	(142.12)	5.10
Add: Surplus of previous year	—	53.52
Add: Transfer from General Reserve	142.12	46.10
Funds available for appropriation	0.00	104.72
Which the Directors have appropriated as under :		
Proposed dividend	—	95.20
Corporate Tax on Dividend	—	9.52
	<u>0.00</u>	<u>104.72</u>

2. DIVIDEND:

Despite prudent steps taken by your Company to counter the adverse market conditions prevailing in the automobile industry, your company was left with no alternative but to end with the negative results for the year 1998-99. Your Directors therefore, in view of the loss incurred are unable to recommend any dividend for the year 1998-99.

3. OPERATIONS:

The turnover of the Company during the year is Rs.130.67 crores against Rs.144.58 crores last year recording a decline of 9.62%. This was mainly due to prevailing recessionary trend in the automobile market, closure of Auto Electrical Division, financial services division and some of the non-viable branches/depots, lower business in service stations etc.

The Company has undertaken various measures like reducing cost, improving profitability on one hand and aggressively expanding the product base on the other hand to meet the challenges. A Voluntary Retirement Scheme was introduced during the year. Endeavour has been to have a lean organisation to achieve reduction in establishment cost and improvement in productivity.

The Company has introduced quite a few new products and has also launched some products in its own brand name "PRIYA". Today the company is focused on core activity of marketing and distribution of automotive components. In addition, the company has taken up the operation of running vehicle depots in some locations for Ind Auto Ltd., the joint venture car manufacturing company of Fiat and PAL.

The company is also in the process of upgrading its information technology resources to realise more value from the present network environment and to be better prepared for challenges of future. This will enable the company to cater to larger data base and optimise operations for better customer service, lower inventory costs and lower response time.

In the first quarter of '99, though there are some signs of pick-up, there have not been significant improvements in spare parts business. Your Directors are hopeful that spare parts market also will improve.

4. CRISIL RATING:

During the year CRISIL revised the rating awarded for Fixed Deposit Scheme of your Company from "FAA" to "FA". The revised rating indicates adequate safety with regard to timely payment of interest and principal.

5. FIXED DEPOSITS:

The amount of Fixed Deposits accepted from the public during the year under review stands at Rs. 197.64 lacs.