

Annual Report
1999-2000



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50 Years

PREMIER AUTO ELECTRIC LIMITED



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. Subrahmanyam

Shri M. P. Poncha

Shri Dilip Thakkar (w.e.f. 28th July, 2000)

COMPANY SECRETARY

Shri M. S. Thakurdesai

BANKERS

State Bank of India

Bank of Baroda

Union Bank of India

AUDITORS

M/s. K. S. Aiyar & Co

Chartered Accountants

SOLICITORS & ADVOCATES

M/s. Matubhai Jamietram

M/s. Madekar & Co.

REGISTRAR & SHARE TRANSFER AGENTS

MCS Limited

Sri Venkatesh Bhavan,

Plot No. 7, 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.

CONTENTS

Five years at a Glance	1
Notice	2
Directors' Report	5
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules forming part of the Balance Sheet and Profit and Loss Account	12
Notes to Accounts	17
Balance Sheet Abstract and General Business Profile	21
Cash Flow Statement	22

50TH ANNUAL GENERAL MEETING

On Saturday, 30th September, 2000

at 11 30 a.m.

at M.C. Ghia Hall,

Bhogilal Hargovindas Building,

2nd Floor,

18/20, K. Dubhash Marg,

Mumbai 400 001.



FIVE YEARS AT A GLANCE

Rupees in Lacs

Year ending	March, 2000	March, 99	March, 98	March, 97	March, 96
INCOME / PROFITS :					
Sales/Income from operations	12,216.69	12,738.71	14,169.65	14,259.19	11,785.72
Other Income	578.65	327.87	288.47	335.51	390.98
Total Income	12,795.34	13,066.58	14,458.12	14,594.70	12,176.70
Depreciation	116.32	192.11	281.14	420.72	475.83
Profit Before Tax	99.99	(17.71)	265.00	729.82	798.60
Taxation(including prior years' taxes)	79.11	124.41	259.90	445.48	138.93
Profit After Tax	20.88	(142.12)	5.10	284.34	659.67
Dividends (incl. Corp. Div. Tax)	-	-	104.72	209.43	205.37
Retained Earnings	20.88	-	-	74.91	454.30
ASSETS EMPLOYED :					
Gross Fixed Assets	1,421.25	1,793.98	2,488.44	3,182.95	3,269.64
Net Fixed Assets	697.65	906.45	1,264.94	1,992.38	2,379.52
Net Current Assets (incl. Investments)	4256.90	4,292.43	4,389.36	3,932.59	3,644.04
TOTAL ASSETS	4,954.55	5,198.88	5,654.30	5,924.97	6,023.56
FINANCED BY :					
a) Borrowed Funds	1,182.86	1420.00	1691.84	1,869.42	2,055.10
b) Shareholders' Funds					
i) Share capital	951.96	951.96	951.96	951.96	634.62
ii) Reserves	2,819.73	2,826.92	3,010.50	3,103.59	3,333.84
	3771.69	3,778.88	3,962.46	4,055.55	3,968.46
TOTAL FUNDS EMPLOYED	4,954.55	5,198.88	5654.30	5,924.97	6,023.56
OTHERS :					
Dividends %	-	-	10%	25%	35%
Book Value per Share (Rs.)	39.62	39.70	41.62	42.60	62.53
Debt / Equity Ratio	0.31:1	0.37:1	0.43:1	0.46:1	0.52:1
Profit Before Tax as % of Total Income	0.78%	-	1.83%	5.00%	6.56%
Profit AfterTax as % of Total Income	0.16%	-	0.04%	1.95%	5.42%
Profit AfterTax as % of					
Shareholders Funds	0.55%	-	0.13%	7.01%	16.62%
Cash Earning per Share (CEPS) Rs.	1.44	0.53	3.01	@12.96	@19.51
Earning per Share (EPS) Rs.	0.22	-	0.05	@5.23	@11.33
Current Ratio	2.04	1.87	1.77	1.77	2.09

@ The EPS & CEPS has been computed on the Weighted Share Capital.



PREMIER AUTO ELECTRIC LIMITED

NOTICE

NOTICE is hereby given that the Fiftieth 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 Saturday, the 30th September, 2000 at 11.30 a.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, 2000 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. Raman Patel who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri J.M. Vakil 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, 2001 and to fix their remuneration."

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :
 " RESOLVED THAT Shri. Dilip Thakkar be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as SPECIAL RESOLUTION :
 "RESOLVED THAT, pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government consent of the Company be and is hereby accorded to Shri Pritam A. Doshi - relative of

Shri Arvind R. Doshi, Chairman & Managing Director - holding an office of profit as Vice President with effect from such date as may be fixed by the Board of Directors upon the following terms and conditions with authority to the Board of Directors to sanction at its discretion such additional increments within the grade as it may deem fit and the sanction at its discretion Shri Pritam A. Doshi's promotion to the next higher grade or grades together with usual allowances and benefits as applicable to such grade or grades and to give such additional increments within that grade or grades as the Board may deem fit :

- a) Salary :
Rs. 20,000/- per month in the grade Rs. 20,000/- - 2500/- -25000/-
- b) Housing :
Residential accommodation or House Rent Allowance @ 40% with telephone facility
- c) Other benefits including, Educational Allowance, House Maintenance Allowance, Bonus, Leave Travel concession and reimbursement of medical expenses for self and family, Contribution to Provident Fund, Superannuation Fund and Gratuity will be at prescribed rates as applicable to such managerial grade of the Company from time to time.
- d) Car : Provision of Company car.
- e) Club Fees :
Reimbursement of Membership Fees for one Club. This will not include admission and life membership fees.
- f) Leave: As per the rules of the Company.
- g) Leave Encashment :
Leave accumulated but not availed during the tenure will be allowed to be encashed as per rules of the Company."

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to accept such amendments / modifications as may be stipulated by the Central Government and 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."

By Order of the Board of Directors

M. S. Thakurdesai
Company Secretary

Registered Office :
A-Block, Shivsagar Estates,
Worli, Mumbai 400 018.

Dated : July 28, 2000

**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 nos. 6 and 7 set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 15th September, 2000 to Saturday, 30th September, 2000 (both days inclusive).
4. Members are requested to notify any change in their addresses to the Company or its Registrars and Share Transfer Agents viz. M/s MCS Ltd, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (E), 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 financial years upto 31st March, 1995 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 of the Companies Act, 1956 by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years will be hereafter transferred to the Investor 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.

REQUEST TO THE MEMBERS:

1. Members are requested to bring their copy of Annual Report to the Meeting.
2. Members desiring any relevant information on the Accounts at the Annual General Meeting are requested to write to Shri M. S. Thakurdesai, Company Secretary at least seven days before the date of the Meeting so 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 M/s. 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

Agenda Item No. 6

Shri Dilip Thakkar was appointed as Director of the Company under Section 260 of the Companies Act, 1956 at the Board Meeting held on 28th July, 2000. He would hold the office till the date of the ensuing Annual General Meeting.

Shri Dilip Thakkar is Chartered Accountant.

The Company has received notice in writing under Section 257 of the Companies Act, 1956, from a Member, proposing Shri Dilip Thakkar as a candidate for the office of a Director, along with a deposit of Rs. 500/-, which will be refunded to such Member, if Shri Dilip Thakkar is elected as a Director.

It is proposed to appoint Shri Dilip Thakkar as Director of the Company liable to retire by rotation subject to the approval of members.

None of the Directors other than Shri Dilip Thakkar is concerned or interested in the resolution.

Agenda Item No. 7

The Board of Directors propose to appoint Shri Pritam A. Doshi, son of Shri Arvind R. Doshi, Chairman & Managing Director as Vice President on the terms and conditions set out in the resolution.

He holds a Master of Business Administration from the University of Chicago - Graduate School of Business. He earned three academic concentrations: General Management, Finance and Entrepreneurship and was the recipient of the Kauffman Entrepreneurship Scholarship for the summer of 1999 and two Graduate School of Business merit scholarships.

He completed his Bachelor of Science in BioEngineering from University of Pennsylvania and received the 1995 BioEngineering design Award for his final project. He also studied Japanese during this period.

During his MBA, he also worked at Trident Capital LP, a venture capital firm that invests in internet and wireless startup businesses. He managed several investment deals, evaluated and implemented business plans in the e-tailing, B2B and internet-security sectors.

Prior to this, he was Assistant Vice President - Equity Research at HSBC Securities Inc. Earlier he worked at Equity Research departments of NatWest Markets Inc. and Raymond James & Associates Inc. and gained significant knowledge and experience about financial analysis, valuation, investments and the equity markets.

The Board of Directors feel that Shri Pritam A. Doshi's experience and professional qualifications would help the Company to diversify and strengthen its Information Technology base and augment its business development effort and recommend his appointment for the approval of members.

The resolution also gives authority to the Board to sanction in due course promotion of Shri Pritam A. Doshi to the next higher grade or grades together with usual allowances and benefits.

Under Section 314(1B) of the Companies Act, 1956 it is necessary to obtain the prior consent of the Company by a Special Resolution and the approval of the Central Government inter alia for a relative of a Director holding office or place of profit in the Company, if any such office or place of profit carries a total monthly remuneration of Rs.20,000/- and above. The necessary application to the Central Government for its approval for the said appointment will be made immediately after the approval of the members by a Special Resolution as referred to above is obtained.

The proposed draft letter of appointment 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.

Shri Arvind R. Doshi, Chairman & Managing Director being a relative of Shri Pritam A. Doshi is concerned and interested in the Resolution.

None of the other Directors is concerned or interested in the said resolution.

By Order of the Board of Directors

M. S. Thakurdesai
Company Secretary

Registered Office :
A-Block, Shivsagar Estates,
Worli, Mumbai 400 018.

Dated : July 28, 2000



DIRECTOR'S REPORT

To the Members:

Your Directors have pleasure in presenting their Fiftieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2000.

1. FINANCIAL RESULTS:

	Current Year ended 31.03.2000 (Rs. In Lacs)	Previous Year ended 31.03.1999 (Rs. In Lacs)
Profit before depreciation and taxes	216.31	174.40
Less: Depreciation	116.32	192.11
Profit/(Loss) before Tax	99.99	(17.71)
Less: Provision for tax/wealth tax	44.92	33.32
Profit/(Loss) after Tax but before Prior years adjustments	55.07	(51.03)
Less: Prior years' adjustments - Taxation for earlier years.	34.19	91.09
Profit/(Loss) after taxes	20.88	(142.12)
Add: Surplus of previous year	—	—
Add: Transfer from General Reserve	—	142.12
Balance carried to Balance Sheet	20.88	0.00

2. DIVIDEND:

In view of meagre profits, the Directors do not recommend any dividend for the year under review.

3. OPERATIONS:

The turnover of the Company during the year is Rs. 127.95 Crores against Rs. 130.67 Crores last year. This marginal decline was mainly due to substantial reduction of Palpar /Ind Auto/spare parts business and discontinuance of certain high turnover and low return product lines.

Profit margins continued to remain under severe pressure during the year, which was marginally neutralized through new products with better margins.

The Company has undertaken cost cutting and productivity improvement exercises. This has resulted in sales per employee going up from Rs. 0.35 crores in 1998-99 to Rs. 0.43 crores in 1999-2000.

4. CRISIL RATING:

During the year CRISIL has revised the rating awarded for Fixed Deposit Scheme of your Company from "FA" to "FA-". The revised rating indicates high risk regarding timely payment of interest and principal. The Company has not defaulted on repayment of matured deposits and payment of interest up to date.

5. FIXED DEPOSITS:

The amount of Fixed Deposits accepted from the public during the year under review stands at Rs.196.48 Lacs

At the end of the year, there were 28 matured deposits for Rs. 4.52 lacs, which were not claimed by the depositors. Of these 12 deposits for Rs. 2.70 lacs have been claimed and paid by the Company. There were no deposits during the year, which were claimed but not paid by the Company.

6. Y2K COMPLIANCE:

The steps were taken to ensure that all operating systems are fully Y2K compliant which resulted in a smooth roll over to the new millennium without any adverse impact or disruption.

7. DEMATERIALISATION OF SHARES:

Your Company has executed the Tripartite Agreement with National Securities Depository Ltd., and Central Depository Services (India) Ltd., and has established electronic connectivity effective from 01.04.2000. SEBI has included the Company's shares for compulsory trading in dematerialized format by Institutional Investors effective from 15th May, 2000 and by all investors effective from 24th July, 2000.

8. LISTING:

The Company's shares continued to remain listed on Ahmedabad Stock Exchange, Mumbai Stock Exchange and National Stock Exchange throughout the year under report. The Company has paid listing fees up to date.



PREMIER AUTO ELECTRIC LIMITED

None of the Stock Exchange Authorities had suspended the trading of your Company's shares during the year under report.

9. DIRECTORS:

The Company has appointed Shri Dilip Thakkar as Additional Director on 28th July, 2000. He holds the office till the date of ensuing Annual General Meeting. The Company has received notice from a member proposing his name as Director. The necessary resolution is included at the Item No. 6 of the Notice.

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company Shri Raman Patel and Shri J. M. Vakil, Directors retire by rotation and being eligible, offer themselves for reappointment.

Shri R. N. Somai, Managing Director has resigned with effect from 15th September, 1999. The Board of Directors place on record their highest appreciation of the valuable services rendered and advice received from him as Managing Director during his tenure over nine years.

10. AUDITORS:

M/s. K. S. Aiyar & Co., Auditors retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. A certificate as required under Section 224 (1) of the Companies Act, 1956 regarding their eligibility for reappointment has been received from them.

The Directors recommend their reappointment.

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

Since the Company does not own any manufacturing facility the other particulars relating to Conservation of Energy and Technology Absorption stipulated in the Companies (Disclosure of particulars in the Report of the

Board of Directors) Rules, 1988 are not applicable.

The Company is looking out constantly for opportunities for development of new export market. The Company has earned foreign exchange Rs. 1.77 Lacs and has used foreign exchange Rs. 46.57 Lacs.

12. 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 as amended, the names and other particulars of employees are set out in the Annexure 'A' forming part of this Report.

13. PERSONNEL:

Your Directors are happy to inform that employee relations continue to be cordial throughout the year.

14. DONATION :

The Company has contributed Rs. 0.60 lacs to Army Central Welfare Fund (Kargil Fund) equal to the Employees contribution to the said fund.

15. ACKNOWLEDGEMENTS:

The Directors wish to place on record their appreciation for the continued support received from the Shareholders, Consortium of Bankers, Customers, Dealers, Suppliers, Principals and for the valuable contributions made by the Employees at all levels.

For and on behalf of the Board of Directors

Arvind R. Doshi
Chairman & Managing Director

Registered Office:

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

Dated: July 28, 2000