

# **52<sup>nd</sup> Annual Report 2001-2002**

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**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 Dilip Thakkar  
 Shri John Band

### SENIOR EXECUTIVES

Shri Samir Roy - President  
 Shri Pritam A. Doshi - Vice President  
 Shri Devang Kaushik - Dy. General Manager - Marketing  
 Shri K. N. Kumar - Dy. General Manager - Finance

### COMPANY SECRETARY

Shri Ajay S. Kadhao

### AUDITORS

M/s. K. S. Aiyar & Co.  
 Chartered Accountants

### SOLICITORS & ADVOCATES

M/s. Matubhai Jamietram  
 M/s. Madekar & Co.

### BANKERS

State Bank of India  
 Bank of Baroda  
 Union Bank of India

### REGISTRAR & SHARE TRANSFER AGENTS

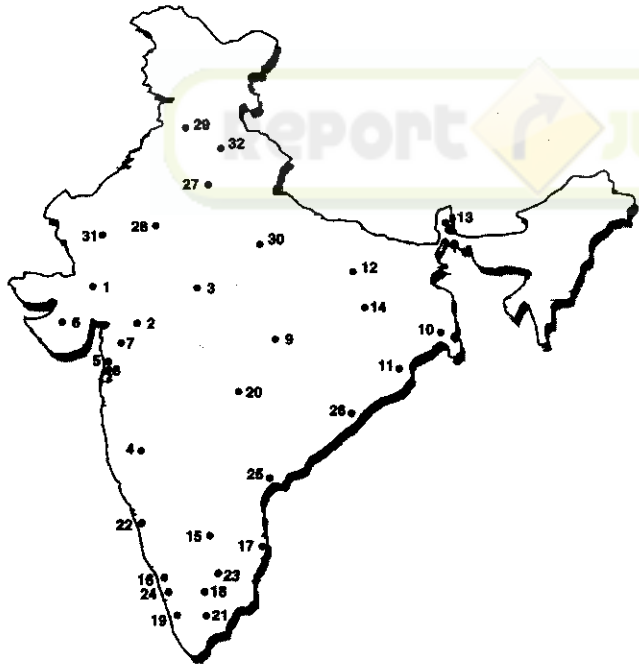
MCS Limited  
 Shri Venkatesh Bhavan  
 Plot No. 27, Road No. 11,  
 MIDC Area, Andheri (East),  
 Mumbai - 400 093.  
 Phone : 821 5235 Fax : 835 0456

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### REGISTERED & CORPORATE OFFICE

B-Block, Gold Coin, Tel.: 492 5024 / 492 6381  
 407, Tardeo Road, Fax : 495 0332  
 Mumbai - 400 034 E-mail : corporate@paeltd.com



### PAE'S DISTRIBUTION NETWORK

#### WEST ZONE

1. AHMEDABAD
2. BARODA
3. INDORE
4. KOLHAPUR
5. MUMBAI
6. RAJKOT
7. SURAT
8. VASHI
9. RAIPUR

#### EAST ZONE

10. KOLKATA
11. CUTTACK
12. PATNA
13. SILIGURI
14. RANCHI

#### SOUTH ZONE

15. BANGALORE
16. CALICUT
17. CHENNAI
18. COIMBATORE
19. ERNAKULAM
20. HYDERABAD
21. MADURAI
22. MANGALORE
23. SALEM
24. TRISSUR
25. VIJAYAWADA
26. VISHAKHAPATNAM

#### NORTH ZONE

27. DELHI
28. JAIPUR
29. JALANDHAR
30. KANPUR
31. JODHPUR
32. SAHARANPUR

## PREMIER AUTO ELECTRIC LIMITED



## FIVE YEARS AT A GLANCE

Rupees in Lacs

| Year ending                                     | March'2002     | March'2001     | March'2000     | March' 99      | March' 98      |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>INCOME / PROFITS :</b>                       |                |                |                |                |                |
| Sales/Income from operations                    | 8612.28        | 10023.15       | 12216.69       | 12738.71       | 14169.65       |
| Other Income                                    | 258.41         | 410.30         | 578.65         | 327.87         | 288.47         |
| Total Income                                    | 8870.69        | 10433.45       | 12795.34       | 13066.58       | 14458.12       |
| Total Expenditure                               | 9023.74        | 10667.96       | 12579.03       | 12892.18       | 13911.99       |
| Depreciation                                    | 65.57          | 97.62          | 116.32         | 192.11         | 281.14         |
| Profit Before Tax                               | (218.62)       | (332.13)       | 99.99          | (17.71)        | 265.00         |
| Provision for diminution in value of investment | 12.38          | 140.76         | -              | -              | -              |
| Taxation(including prior years' taxes)          | (6.98)         | -              | 79.11          | 124.41         | 259.90         |
| Deferred Tax Asset                              | (26.15)        | -              | -              | -              | -              |
| Profit After Tax                                | (197.87)       | (472.89)       | 20.88          | (142.12)       | 5.10           |
| Dividends (incl. Corp. Div. Tax)                | -              | -              | -              | -              | 104.72         |
| Retained Earnings                               | -              | -              | 20.88          | -              | -              |
| <b>ASSETS EMPLOYED :</b>                        |                |                |                |                |                |
| Gross Fixed Assets                              | 671.64         | 1248.20        | 1421.25        | 1793.98        | 2488.44        |
| Net Fixed Assets                                | 283.27         | 571.51         | 697.65         | 906.45         | 1264.94        |
| Net Current Assets (incl. Investments)          | 3200.86        | 3629.25        | 4256.90        | 4292.43        | 4389.36        |
| <b>TOTAL ASSETS</b>                             | <b>3484.13</b> | <b>4200.76</b> | <b>4954.55</b> | <b>5198.88</b> | <b>5654.30</b> |
| <b>FINANCED BY :</b>                            |                |                |                |                |                |
| a) Borrowed Funds                               | 380.26         | 864.73         | 1182.86        | 1420.00        | 1691.84        |
| b) Shareholders' Funds                          |                |                |                |                |                |
| i) Share capital                                | 951.96         | 951.96         | 951.96         | 951.96         | 951.96         |
| ii) Reserves                                    | 2151.91        | 2384.07        | 2819.73        | 2826.92        | 3010.50        |
| Total Share holders' funds                      | 3103.87        | 3336.03        | 3771.69        | 3778.88        | 3962.46        |
| <b>TOTAL FUNDS EMPLOYED</b>                     | <b>3484.13</b> | <b>4200.76</b> | <b>4954.55</b> | <b>5198.88</b> | <b>5654.30</b> |
| <b>OTHERS :</b>                                 |                |                |                |                |                |
| Dividends %                                     | -              | -              | -              | -              | 10%            |
| Book Value per Share (Rs.)                      | 32.61          | 35.04          | 39.62          | 39.70          | 41.62          |
| Debt / Equity Ratio                             | 0.12:1         | 0.26:1         | 0.31:1         | 0.37:1         | 0.43:1         |
| Profit Before Tax as % of Total Income          | -              | -              | 0.78%          | -              | 1.83%          |
| Profit AfterTax as % of Total Income            | -              | -              | 0.16%          | -              | 0.04%          |
| Profit AfterTax as % of                         |                |                |                |                |                |
| Shareholders Funds                              | -              | -              | 0.55%          | -              | 0.13%          |
| Cash Earning per Share (CEPS) Rs.               | -              | -              | 1.44           | 0.53           | 3.01           |
| Earning per Share (EPS) Rs.                     | -              | -              | 0.22           | -              | 0.05           |
| Current Ratio                                   | 2.71           | 2.61           | 2.04           | 1.87           | 1.77           |

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## NOTICE

**NOTICE** is hereby given that the Fifty Second Annual General Meeting of the Members of PREMIER AUTO ELECTRIC LIMITED will be held as scheduled below:

Day : Friday  
Date : 6<sup>th</sup> September, 2002  
Time : 3.30 p.m.  
Place : M. C. Ghia Hall, Bhogilal Hargovindas Building,  
2nd Floor, 18/20 K Dubhash Marg,  
Mumbai 400 001,

The Agenda for the meeting will be as under:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2002 and the Balance Sheet as at that date and the Reports of the Auditors and Directors' thereon.
2. To appoint a Director in place of Shri J. M. Vakil who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Dilip J. Thakkar 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.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION: -

**"RESOLVED THAT** Mr. John Band a Director who was appointed as an Additional Director in the meeting of the Board of Directors held on 28<sup>th</sup> June, 2002 and who holds office as such upto the date of Fifty Second Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose Mr. John Band as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

6. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications and reenactments thereof for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered by way of insertion of following Article 102A after Article 102:

### 102A Postal Ballot

"Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing the Resolution by its members by means of Postal Ballot (including voting by electric mode) and/or other ways as prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in general meeting of the Company: -

- Any business that can be transacted by the Company in general meetings; and
- Particularly, resolutions relating to such business as the Central Government by notification declared to be conducted only by postal ballot.

The company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard from time to time."

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

**"RESOLVED THAT** subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions as may be required from the Stock Exchanges with which the Securities of the Company are listed and/or any other relevant Authority and subject to any conditions, or modifications as may be imposed while granting such approvals, permissions and sanctions and mutually agreed to in the best interest of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (which terms shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board of Directors by this Resolution) to seek voluntary delisting of its Equity Shares from The Stock Exchange, Ahmedabad, after taking into account various factor such as but not limited to the incidents impact or burden of the cost of listing fee payable to the Stock Exchanges and volume of trading on the relevant Stock Exchange, Ahmedabad."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deems necessary, desirable or appropriate and execute all such applications, deeds, agreements, documents and writing as it may consider necessary, usual requisite or proper for giving effect to this resolution."

By Order of the Board of Directors

Ajay S. Kadhao  
Company Secretary

Registered Office :  
Gold Coin, B-Block,  
407, Tardeo Road,  
Mumbai 400 034

Dated : July 1, 2002

**PREMIER AUTO ELECTRIC LIMITED****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 Register of Members and Share Transfer books of the Company will be closed from Tuesday 27<sup>th</sup> August, 2002 to Friday 6<sup>th</sup> September, 2002 (both days inclusive)
3. Members are requested to notify any change in their address 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).
4. Consequent upon the introduction of Section 205-C by the Companies (Amendment) Act, 1999, the amount of unclaimed /unpaid dividends / Fixed Deposits remaining unclaimed with the Company for the period of 7 years have been transferred to the Investor Protection & Education Fund and no claim thereto will be entertained by the said Fund and also by the Company.  
Members who have not encashed the dividend warrant/s pertaining to dividend for the financial years 1995-96, 1996-97 and 1997-98 are requested to forward the same to the Company's Registrars & Transfer Agents, M/s. MCS Limited or to the Company immediately to facilitate payment.
5. The facility for making nomination is now available for shareholders and fixed deposit-holders, in respect of the shares and fixed deposits held by them. Nomination forms can be obtained from the Company's Registrars & transfer Agents, M/s. MCS Limited or from the Company.

**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 the Company Secretary at least 7 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 Registrar and Transfer Agents M/s. MCS Limited, or to the Company Secretary for consolidation of all such folios into one folio to facilitate better service.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5 :**

Pursuant to the Section 260 of the Companies Act, 1956 read with Article 123 - of the Company's Articles of Association, Mr. John Band was appointed a Director of the Company on 28<sup>th</sup> June, 2002.

Mr. John Band 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 Mr. John Band as a candidate for the office of the Director along with a deposit of Rs.500/- which will be refunded to such Member, if Mr. John Band is elected as a Director.

Mr. John Band is a Finance and Accounting Professional having varied experience in field of equity research, financial analysis and industry with a global perspective. His appointment as a Director will be of immense value and benefit to the Company. Hence your Board of Directors recommends his appointment.

Except Mr. John Band no other Director of the Company is concerned or interested in this resolution.

**Item No. 6 :**

The provisions for passing Resolution by Postal Ballot have been introduced by inserting section 192A of Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 as amended. To implement the same, the Articles of Association of the Company have to be amended and the relevant provisions have to be inserted therein.

The Board therefore recommends passing of the Resolution as set out in Item No. 6 of the accompanying Notice. None of the Directors are interested in this Resolution except to the extent of their shareholding.

**Item No. 7 :**

The Equity shares of your Company are presently listed on three Stock Exchanges viz. The Stock Exchange Mumbai, National Stock Exchange of India Limited, Mumbai and The Stock Exchange, Ahmedabad.

When the Shares were initially listed on these Stock Exchanges the listing fee payable was quite nominal. Later on, The Stock Exchanges have increased the Listing fee considerably whereas the trading of Company's Securities on The Stock Exchange, Ahmedabad Exchanges is rare and trading volume is negligible. The listing of securities at the regional Stock Exchange i.e. The Stock Exchange Mumbai is however compulsory. On the other hand trading at National Stock Exchange is regular and listing fee payable is also reasonable. With a view to control the expenditure it is proposed to delist the Securities from The Stock Exchange, Ahmedabad. Shareholders in this region will not suffer due to delisting since with the introduction of screen based trading on the BSE and NSE, trading in shares can be easily done throughout the Country. Moreover, the Company's shares are compulsorily traded in Demat mode as per the notifications issued by Securities & Exchange Board of India (SEBI).

Members' approval is being accordingly sought through this Resolution to enable voluntarily delisting of the Company's Shares from The Stock Exchange, Ahmedabad, as required by SEBI guidelines.

The Board therefore recommends passing of the Resolution as set out in item no. 7 of the accompanying Notice. None of the Directors is interested in the Resolution except to the extent of their shareholdings.

**By Order of the Board of Directors**

**Ajay S. Kadhao**  
Company Secretary

**Registered Office :**  
Gold Coin, B-Block,  
407, Tardeo Road,  
Mumbai 400 034

Dated : July 1, 2002

# 52<sup>nd</sup> Annual Report 2001-2002

## DIRECTORS' REPORT

To the Members:

Your Directors have pleasure in presenting their Fifty Second Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2002.

### 1. FINANCIAL RESULTS:

|   | Current<br>Year ended<br>31.03.2002<br>(Rs. In lacs) | Previous<br>Year ended<br>31.03.2001<br>(Rs. In lacs) |
|---|--|---|
| Total Revenue   | 8870.69  | 10433.45  |
| Total Expenses  | 8842.89  | 10301.14  |
| Interest  | 104.35   | 214.34  |
| (Loss)/Profit before depreciation,<br>tax and exceptional items | (76.55)  | (82.03)   |
| Less: Depreciation  | 65.57  | 97.62   |
| (Loss)/Profit before exceptional<br>items and tax               | (142.12)   | (179.65)  |
| Less : Exceptional items  | 88.88  | 293.24  |
| (Loss)/Profit before Tax  | (231.00)   | (472.89)  |
| Less: Provision for tax<br>Deferred Tax Asset                   | 26.15  | —   |
| (Loss)/Profit before Tax but<br>before prior years adjustments  | (204.85)   | (472.89)  |
| Less: Prior years' adjustments –<br>Taxation for earlier years. | 6.98   | —   |
| (Loss) / Profit after taxes                                     | (197.87)   | (472.89)  |

### 2. OPERATIONS:

- The revenue of the Company is Rs.86 crores against Rs.100 crores last year.
- Decline in sales has adversely affected the profitability of the Company.
- Declining trends in the after-market of the auto component industry continues.
- Change in replacement cycle and demand pattern of automotive components have had significant impact in the after-market sales.
- Significant improvement has been made in systems implementation, cost controls and streamlining of operations.

### 3. FIXED DEPOSITS:

The amount of Fixed Deposits accepted from the public during the year under review stands at Rs169.97 lacs.

At the end of the year, there were 22 matured deposits for Rs. 4.94 lacs, which were not claimed by the depositors, of these, five deposits for Rs. 0.64 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. The unclaimed deposits lying with the company for more than seven years were transferred to Investor Protection & Education Fund as per section 205C of the Companies Act, 1956.

### 4. LISTING:

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

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

### 5. DIRECTORS:

Pursuant to the provisions of section 256 of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company Shri. J. M. Vakil, Shri. Dilip J. Thakkar, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company Mr. John Band was appointed as an additional director of the Company by the Board of Directors at its Meeting held on 28<sup>th</sup> June 2002 to hold office of directorship from date of his appointment till date of ensuing Annual General Meeting. Mr. John Band is eligible for re-appointment as Director of the Company.

### 6. AUDITORS:

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

The Board of Directors recommend their reappointment as Statutory Auditors.

### 7. 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 has not earned any foreign exchange and has used foreign exchange of Rs.111.62 lacs.



## PREMIER AUTO ELECTRIC LIMITED

**8. DIRECTORS' RESPONSIBILITY STATEMENT.**

Pursuant To the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2002, the applicable accounting standards had been followed along with the proper explanation relating to material departures; if any
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review:
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2002 on a 'going concern' basis.

**9. PARTICULARS OF EMPLOYEES:**

There were no employees during the year drawing remuneration in excess of limit specified under section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

**10. PERSONNEL:**

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

**11. 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:**

"B" Block, Gold Coin  
407, Tardeo Road  
Mumbai 400 034.

Dated: 28<sup>th</sup> June, 2002

**ANNEXURE TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE****GENERAL SHAREHOLDER INFORMATION:****1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY :-**

As per the Listing Agreement, the Company is required to implement the Corporate Governance within financial year 2001-2002 but not later than March 31, 2002. Your Company had already started complying with the said code well before it became mandatory, as your Company's Management feels that Corporate Governance is vital to the existence of the Company. It strengthens shareholder's trust and ensures a long term partnership between them and the Company. Management of your Company believes that transparency, full disclosure, independent monitoring and fairness to all, including minority shareholders are the basic underlying principles of Corporate Governance.

Premier Auto Electric Limited is committed to benchmarking itself against the best possible standards in all areas including Corporate Governance.

**2. BOARD OF DIRECTORS**

During 2001-02, the board of directors met five times on the following dates:

27.06.2001, 27.07.2001, 24.08.2001, 30.10.2001 & 30.01.2002.

The following table gives details of directors, attendance record of all directors at the five board meetings held during 2001-2002 and at the last Annual General Meeting:

| Name          | Category | Attendance Particulars |          |
|---------------|----------|------------------------|----------|
|               |          | Board Meetings         | Last AGM |
| A. R. Doshi   | CMD      | 5                      | Yes      |
| J. M. Vakil   | CE&ID    | 4                      | Yes      |
| V. L. Doshi   | ND       | 4                      | Yes      |
| M. V. Doshi   | ND       | 4                      | No       |
| Raman Patel * | ID       | 5                      | Yes      |
| D. J. Thakkar | ID       | 4                      | Yes      |

CMD : Chairman & Managing Director, CE: Chairman Emeritus, ND : Non Executive & Non Independent Director, ID : Non Executive Independent Director

\* Resigned from the Board on 11<sup>th</sup> February, 2002.

**OUTSIDE DIRECTORSHIP as at 31<sup>st</sup> March 2002**  
(other than Premier Auto Electric Limited)

| Name of Director | In Public Limited Company | As Chairman of Board Committees of listed Companies | As Member of Board Committees of listed Companies |
|------------------|---------------------------|---|---|
| A. R. Doshi      | 5                         | —   | 1   |
| J. M. Vakil      | 5                         | 3   | —   |
| V. L. Doshi      | 3                         | —   | —   |
| M. V. Doshi      | 2                         | —   | 2   |
| Raman Patel *    | —                         | —   | —   |
| Dilip J. Thakkar | 9                         | 4   | 4   |

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## 3. AUDIT COMMITTEE:

### Terms of reference:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - Any changes in accounting policies and practices
  - Major accounting entries based on exercise of judgement by management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
  - Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussions with internal auditors any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the company's financial and risk management policies.

To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.

The Audit Committee constituted by the Board of Directors consists of 3 (three) directors namely Shri Dilip J. Thakkar, Chairman, Shri J. M. Vakil, Member and Shri Maitreya V. Doshi, Member. The constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

During the period, two Audit Committee Meetings were conducted which were held on 26<sup>th</sup> June, 2001 and 30<sup>th</sup> October, 2001. Chairman and both the members were present at the meetings.

## 4. REMUNERATION :

The Company does not have a Remuneration Committee, as constitution of the same is a non-mandatory requirement. However, issues relating to Remuneration of Directors are discussed and decided at the Board level.

## a) Non-executive directors :

Non-executive directors are paid a sitting fee of Rs. 5,000/- for every meeting of the Board. No other fees, remuneration or commission is paid to non-executive directors.

## b) Executive director:

There is only one executive director i.e. Shri Arvind R. Doshi, Chairman & Managing Director, the terms of his remuneration were fixed by the Board of directors and approved by shareholders at the Annual General Meeting held on 6<sup>th</sup> September 1999 for a period of 5 years. Premier Auto Electric Limited has entered into agreement with Shri Arvind R. Doshi laying down his tenure, remuneration, duties and obligations. The appointment is terminable with six months notice.

## 5. SHAREHOLDERS' GRIEVANCES & SHARE TRANSFER COMMITTEE :

The Board has set up a Share Transfer Committee with effect from 15.06.1990 to look after transfer, split, duplicate, transmission etc. for the shares issued by the company from time to time. The said Committee was reconstituted and the name of the said Committee changed to "Shareholders' Grievances and Share Transfer Committee." In addition to the above, the Committee is authorized to look into Shareholders complaints like delay in transfer, non-receipt of shares, balance sheet, dividend, etc. The Committee consists of Shri J. M. Vakil, Shri Arvind R. Doshi and Shri Maitreya V. Doshi

- Name of the Chairman : **Shri J. M. Vakil**  
(Non- Executive)
- Compliance Officer : **Shri Anirudh Singh G. Thakur**  
(Till 28<sup>th</sup> June, 2002)  
: **Shri Ajay S. Kadhao**  
(w.e.f. 28<sup>th</sup> June, 2002)
- Number of shareholders : **139 nos.**  
complaints received as  
on 31.03.2002
- Number of complaints : **NIL**  
pending
- Number of pending : **NIL**  
share transfers

## 6. GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held as under:-

| Year    | Location  | Date       | Time       |
|---------|---|------------|------------|
| 1998-99 | M. C. Ghia Hall<br>Bhogilal Hargovindas<br>Building, 2 <sup>nd</sup> floor<br>18/20, K. Dubhash Marg<br>Mumbai 400 001. | 06.09.1999 | 3.30 p.m.  |
| 1999-00 | Same as above   | 30.09.2000 | 11.30 a.m. |
| 2000-01 | Same as above   | 24.08.2001 | 3.00 p.m.  |

### Note:

No postal ballots were used/invited for voting at these meeting in respect of special resolutions passed, as there were no such provisions in the Companies Act, 1956.

## 7. DISCLOSURES:

(a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.