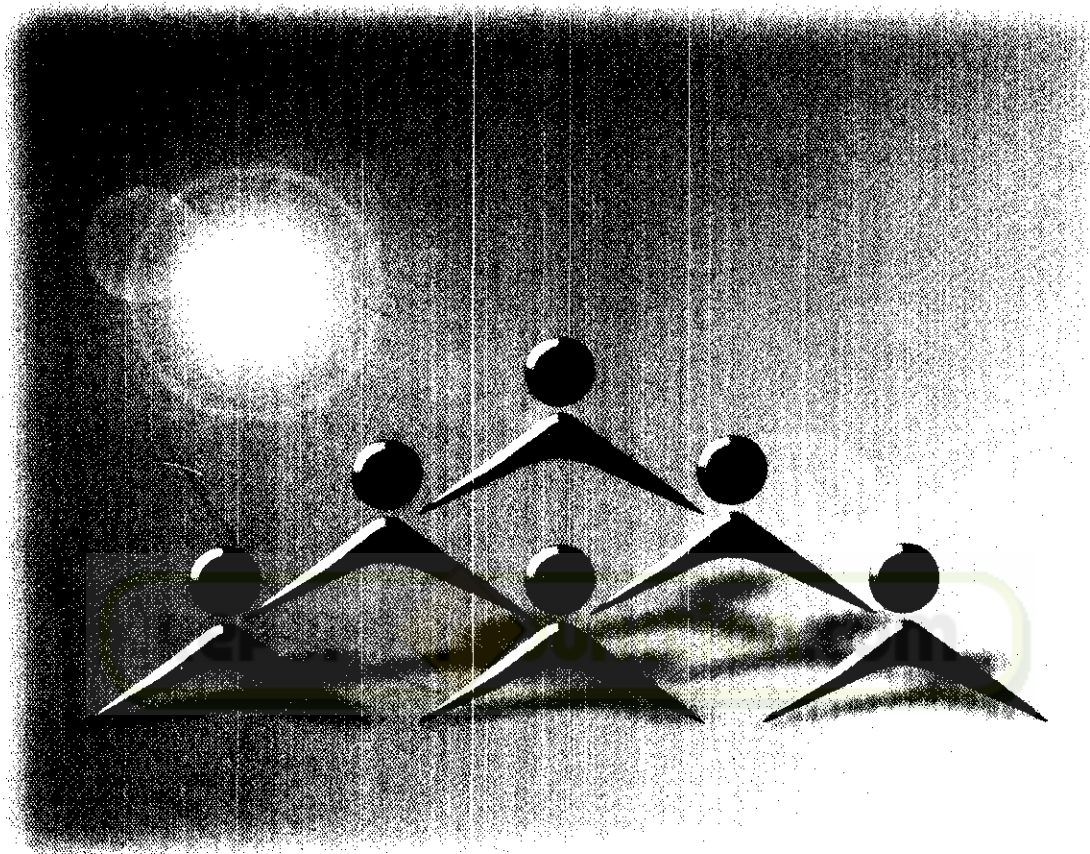


Annual Report 2000



PREMIER INSTRUMENTS & CONTROLS LIMITED



PREMIER INSTRUMENTS & CONTROLS LIMITED

P.B. No. 6331, 1087-A, Avanashi Road, Coimbatore - 641 037, India

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-eighth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 18th, August, 2000 at 4.30 p.m. at Ardra Conferencing Centre, 9, North Huzur Road, Near Codissia Towers, Coimbatore - 641 018, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended 31st March, 2000 and the Report of the Directors and the Auditors thereon.
2. To record payment of dividend.
3. To appoint a Director in place of Mr. Suresh Jagannathan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. D. Sarath Chandran, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Shigehiko Ito, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Mr. D. Vijay Mohan as Vice Chairman & Managing Director of the Company, for a further period of 5 (five) years with effect from 1st April, 2000 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.

REMUNERATION

I. Salary : Rupees 50,000 per month in the scale of Rs. 50000 - 5000 - 70000.

II. Commission : 1% of Net Profit.

III. Perquisites :

Category 'A'

1. Housing :

Unfurnished accommodation will be provided by the Company. In its absence, 60% of the salary will be paid as House Rent Allowance.

2. Other Perquisites :

The following perquisites shall be allowed subject to a maximum of 40% of salary :

- a) Reimbursement of medical expenses incurred for self and his family.
- b) Leave (as per rules of the Company).
- c) Leave travel concession for self and his family.
- d) Reimbursement of expenditure incurred on gas, electricity, water, furnishings and appliances.
- e) Reimbursement of club expenses except admission and life membership fee.
- f) Health and personal accident insurance cover for him.

Category 'B'

Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund will not

be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed 15 days salary for each completed year of service.

Category 'C'

Provision of car with driver and telephone facility at his residence.

IV. In the event of no profit or inadequacy of profit, the remuneration payable to Mr. Vijay Mohan, Vice Chairman & Managing Director, shall not exceed the limit specified in Sec. II of Part II of Schedule XIII of the Companies Act, 1956, as modified from time to time.

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 SEBI Guidelines and subject to all applicable provisions of law, the shares of the Company be delisted from Bangalore Stock Exchange Limited".

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

"RESOLVED THAT pursuant to Sections 294, 294 AA (3) and all other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby approves the terms of appointment/reappointment of the following parties as selling agents for export of the products of the Company on the terms and conditions approved by the Board of Directors of the Company and as per the agreements, copies whereof are placed at the meeting for perusal by members".

Sl. No.	Name of the Selling Agent	Name of the Product	Name of the Country	Commission on FOB Value	Period
1.	SAGMA OY	Automobile Dashboard Instruments & Accessories	FINLAND	5%	01-01-2000 to 31.12.2000
2.	Mr. K.C. MOHAN	Automobile Dashboard Instruments & Cables, Oil Pumps & Indl. Pressure Guages	AUSTRALIA	5%	01-01-2000 to 31.12.2000
3.	Mr. NAMIK KIRMANI	Automobile Instruments & Accessories and Oil Pumps	TURKEY	10%	01-01-2000 to 31.12.2001
4.	M/s. JLB ASSOCIATES	Automobile Dashboard Instruments & Speedometer Cables	CZECH REPUBLIC	10%	01.01.2000 to 31.12.2001
5.	M/s. DOLPHY H. PINTO	Automobile Instruments & Control Gauges	EGYPT	5% to 10% on case to case basis	01.04.2000 to 31.03.2001
6.	M/s. STOCKLAND ENTERPRISES	Automotive Instruments & Speedometer Cables	MALAYSIA	5%	01.04.2000 to 31.03.2003
7.	M/s. BUSINESS EXPRESS LTD.	Automobile Instruments & Oil Pumps	BRAZIL	5%	01.04.2000 to 31.03.2001

By Order of the Board

Coimbatore
3rd June, 2000**L.G. VARADARAJULU**
CHAIRMAN**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members of the Company will remain closed from 1st August, 2000 to 18th August, 2000 (both days inclusive).
3. All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours.

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

Item No. 7

The Board of Directors at their meeting held on 24th January, 2000 reappointed Mr. Vijay Mohan as Vice Chairman & Managing Director for a further period of 5 years with effect from 1st April, 2000 and fixed the remuneration payable to him with effect from 1st April, 2000 at their meeting held on 3rd June, 2000 as set out in the text of the resolution. The proposed appointment, remuneration and perquisites conform to the requirement of Schedule XIII to the Companies Act, 1956. Part III of Schedule XIII to the Companies Act, 1956, requires the appointment and remuneration to be approved by a resolution of the shareholders in general meeting. Accordingly, the resolution under item No. 7 of the Notice is recommended by the Board of Directors for approval by the Members.

This Explanation together with the accompanying Notice should be treated as an abstract of the terms of service of Mr. Vijay Mohan and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Mr. L.G. Varadarajulu, Mr. D. Sarath Chandran, Mr. Vijay Mohan and Mrs. Vanitha Mohan are interested in this resolution.

Item No. 8

The Shares of the Company are listed in Coimbatore, Madras, Bangalore, Mumbai and National Stock Exchanges. It is observed from the details available that there are hardly any transaction of the shares of the Company in Bangalore Stock Exchange Limited. Since the shares have been listed in National Stock Exchange of India Limited and The Stock Exchange, Mumbai, it would serve the purpose of

the shareholders located in the regions falling under Bangalore Stock Exchange Limited. Accordingly, the resolution under item No. 8 of the Notice is recommended by the Board of Directors for approval by the Members.

None of the Directors of the Company is in any way concerned or interested in this resolution.

Item No. 9

The Board of Directors have appointed Mr. K.C. Mohan and reappointed M/s. JLB Associates, M/s. Sagma OY, Mr. Namik Kirmani, Mr. Dolphy H. Pinto, M/s. Stockland Enterprises and M/s. Business Express Ltd., as selling agents on the terms set at item No. 9 of the Notice.

The services of the selling agents are required to increase the level of export sales of the products of the Company. The selling agents are dealers in automobile spares with well equipped sales network in their respective areas.

The Directors commend this resolution for approval by the Members.

None of the Directors of the Company is in any way concerned or interested in this resolution.

Copy of the agreement referred to in Item No. 9 will be open for inspection at the Registered Office of the Company during office hours on all working days upto the date of ensuing Annual General Meeting.

By Order of the Board

Coimbatore
3rd June, 2000

L.G. VARADARAJULU
CHAIRMAN

PREMIER INSTRUMENTS & CONTROLS LIMITED**BOARD OF DIRECTORS**

Mr. L.G. Varadarajulu, Chairman
 Mr. N. Duraiswamy
 Mr. L. Lakshman
 Mr. E.K. Parthasarathy
 Mr. Suresh Jagannathan
 Mr. C.R. Swaminathan
 Mr. K.N.V. Ramani
 Mr. D. Sarath Chandran
 Mr. K.C. Bellarmine (ICICI Nominee)
 Mr. Shigehiko Ito
 Mrs. Vanitha Mohan, Executive Director

Mr. D. Vijay Mohan, Vice Chairman & Managing Director

COMPANY SECRETARY

Mr. V. Srinivasan

AUDITORS

M/s. Surl & Co.
 Chartered Accountants
 Coimbatore

BANKERS

Andhra Bank
 State Bank of India
 ANZ Grindlays Bank Limited
 ICICI Bank Limited
 ABN Amro Bank N.V.

REGISTERED OFFICE

P.B. No. 6331
 1087-A, Avanashi Road
 Coimbatore - 641 037, India
 Ph : 0422-211520 (5 lines) Fax : 0422-210028
 E-mail : pricol.city@sm8.sprintpg.ems.vsnl.net.in

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Integral Investments Limited	22

FACTORIES**PLANT I**

Post Box No. 4209
 Perianaickenpalayam,
 Coimbatore - 641 020.

PLANT III

523/1, Chinnamathampalayam
 Bilichi, Press Colony Post,
 Coimbatore - 641 019.

PLANT II

Plot No. 267 Phase II,
 Udyog Vihar,
 Gurgaon - 122 016.

PLANT IV

2/192, Main Road,
 Karamadai Post,
 Coimbatore - 641 104.

DIRECTORS' REPORT**+ pricol +**

Your Directors have pleasure in presenting the Twenty-eighth Annual Report together with the audited accounts for the financial year ended 31st March, 2000.

1. 1999-2000 IN RETROSPECT

The growth of the Indian economy during the year 1999-2000 was about 6%. Every segment of the automobile industry showed positive signs of growth except the scooter segment. The entry of global vehicle manufacturers into India following the liberalisation policy of the Government has led to higher levels of competition and increasing emphasis on quality. This has led to vehicle manufacturers continuing to apply pressure on component suppliers to control prices. The Company is transforming itself to face the competition and quality standards by adopting various cost control and quality improvement measures. This has resulted in substantial increase in our sales and profitability.

As part of the broad basing of the product portfolio, the Company has started supplying Idle Speed Control Valve (ISCV) since Dec. '99.

2. FINANCIAL HIGHLIGHTS

Your Company's performance during 1999-2000 is summarised below :

	(Rupees in Millions)	
	1999-2000	1998-99
Net Sales & Service Charges – Domestic	1815.48	1247.13
Net Sales – Export	221.96	188.98
Total	2037.44	1436.11
Profit Before Interest and Depreciation	407.77	266.26
Less : Interest (Net)	91.68	63.18
Depreciation	128.42	103.61
Profit Before Tax	187.67	99.47
Less : Income Tax	50.00	35.02
Profit After Tax	137.67	64.45
Add : Balance Brought Forward	26.27	24.79
Reserves no longer required	12.50	17.07
Amount available for appropriation	176.44	106.31
Appropriations		
Dividend 40% (Previous year 30%)	24.00	18.00
Tax on Dividend	2.64	1.98
General Reserve	120.00	60.07
Surplus to be carried over	29.80	26.26
	176.44	106.31

3. DIVIDEND

An interim dividend of 40% was paid for the financial year ended 31st March, 2000. The interim dividend of 40% already paid by the Company be treated as dividend for the financial year ended 31st March, 2000.

4. FUTURE OUTLOOK

Your Company has entered the year 2000 with a renewed and sharper focus on broad basing of its product portfolio in order to maintain consistent growth by diversifying within automotive component segment. The Company's new product – Disc Brake is under testing at various two-wheeler manufacturers and the commercial supplies are expected to commence from the fourth quarter of the current financial year.

In light of the price-based competition among the vehicle manufacturers, component suppliers are faced with pressures on realisations and are required to absorb increase in the cost of production with efficiency. Cost control initiatives are increasingly determining the profitability in the industry. The Company is in the process of implementation of Supply Chain Management, Enterprise Resource Planning and efficiency improvement programmes in all areas of operation with the assistance of management consultancy firms.

5. EXPORTS

The export turnover has recorded a modest growth of 17.45% from Rs. 188.98 million to Rs. 221.96 million. Continuous efforts are being taken for increasing the export turnover.

6. FINANCE

Your Company continued to hold highest rating of **A1+** from ICRA for commercial paper and high rating of **FAA** from Crisil for fixed deposits. The total amount of deposits with the Company as on 31st March, 2000 was Rs. 52.94 million which includes 87 deposits of Rs. 0.88 million unclaimed as on 31st March, 2000. 35 Deposits amounting to Rs. 0.35 million have since been renewed/discharged. Reminders have been sent to unclaimed deposit holders for suitable instructions.

7. DIRECTORS

Mr. Suresh Jagannathan, Mr. D. Sarath Chandran and Mr. Shigehiko Ito retire by rotation at the ensuing Annual General Meeting and are eligible for

reappointment. During the year under review, ICICI has nominated Mr. K.C. Bellarmine as their representative on the Board of Directors of the Company in place of Mr. M.D. Ranganath.

8. AUDITORS

The Auditors of the Company, M/s. Suri & Co., retire at the ensuing Annual General Meeting and are eligible for reappointment.

9. YEAR 2000 COMPLIANCE

Your Company's operations have rolled over to the new millennium in a smooth manner without any Y2K problem.

10. KARGIL FUND

In appreciation of the difficulties faced by the Indian Army in preventing the intruders in the recent Kargil war, your Company and the employees jointly made a contribution of Rs. 1 million to Kargil Relief Fund.

11. DEPOSITORY SYSTEM

Your Company has entered into arrangement with National Securities Depository Limited and Central Depository Services (India) Limited for dematerialisation of your Company's securities in accordance with the provisions of the Depositories Act, 1995, which are now fully operational and members may avail of such facilities.

12. INDUSTRIAL RELATIONS & HUMAN RESOURCE DEVELOPMENT

Industrial relations during the period under review continued to be harmonious. The Board wishes to place on record its appreciation of the contribution

made by all employees in improving the performance and growth of the Company during the year under review. Training and Human Resource Development continues to be the major focus area for your Company.

13. STATUTORY STATEMENTS

As required by Section 212 of the Companies Act, 1956, a statement showing the Company's interest in the subsidiary along with audited accounts is enclosed to the Balance Sheet of the Company.

The statement showing the particulars of conservation of energy, technology absorption and foreign exchange earning and outgo 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 given in the annexure forming part of this report.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure forming part of this Report.

14. ACKNOWLEDGEMENTS

The Board wishes to place on record its appreciation of the excellent co-operation and support received from collaborators, shareholders, customers, dealers, suppliers, bankers and financial institutions.

For and on behalf of the Board

Coimbatore
3rd June, 2000

L.G. VARADARAJULU
CHAIRMAN

ANNEXURES TO DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

Our Company is not a power intensive industry. However, the Company continues its effort to improve the methods of energy conservation and utilisation.

B. TECHNOLOGY ABSORPTION

I. Research and Development

The Research & Development activities were mostly focused in the areas of new product development, improvement in the existing products, quality improvements, technology upgradation and value engineering techniques to suit specific requirements of the customers.

The activities of the R & D Centre continues to be consolidated through collaborative interaction with DENSO Corporation, Japan.

Expenditure on R & D : (Rs. in Million)
(Other than indirect overheads)

Capital	7.49
Recurring	51.12
Total	58.61

R & D expenditure as a percentage of total turnover **2.88%**

II. Technology Absorption, Adaptation and Innovation

Imported Technology

The technologies imported from M/s. Nippon Seiki Co. Ltd., Japan, during the year 1996 for manufacture of instruments and sensors for Honda EK Model Car and during the year 1997 for manufacture of C-2 type 45 degree Angular Speedometer Movement for two-wheeler application have been fully absorbed.

The technologies imported during the year 1998 from (a) M/s. DENSO Corporation, Japan, for upgradation of technology in the manufacture of four-wheeler instruments, (b) M/s. Toyoda Gosei Co. Ltd., Japan, for manufacture of Nitrile Rubber Floats and (c) M/s. Kojima Press Industry Co. Ltd., Japan, for manufacture of Heater Control Devices of Motor Vehicles have also been fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is a net foreign exchange earner since 1991-92. However, during the year there has been a net outflow of foreign exchange of Rs. 30.87 million. This is mainly on account of higher import contents in the new products viz. Idle Speed Control Valve for car fuel injection system and Electronic Cluster Instruments for new model vehicles which are being localised by the vehicle manufacturers. In the initial stages, import contents are higher which will be substituted indigenously in due course. During the year, the Company's foreign exchange earnings were Rs. 221.13 million (Rs. 190.46 million in 1998-99), expenditure in foreign currency on account of revenue was Rs. 206.12 million (Rs. 82.55 million in 1998-99) and capital expenditure was Rs. 45.88 million (Rs. 62.62 million in 1998-99).

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2000.

Sl. No.	Name & (Age)	Designation / Nature of Duties	Remuneration		Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment
			Gross Rs.	Net Rs.			
1.	D. Vijay Mohan (52)	Vice Chairman & Managing Director General Management of affairs of the Company	2,418,249	1,746,803	B.E. (Mech.), Master of Management Science (USA) (27)	03.04.1973	---
2.	G. Ranganathan (44)	Vice President - Manufacturing Engg.	678,730	441,526	B.E. (Hons.) M.Tech. (20)	28.07.1980	---
3.	G. Damodaran (60)	General Manager - Plant Maintenance	645,989	422,767	Electrical Supervisory Certificate (41)	01.07.1974	Hotel Ashoka (P) Ltd.
4.	K. Udhayakumar (51)	General Manager - Quality System / Materials (Instruments)	641,160	438,618	B.E. (26)	11.02.1976	PSG Foundry

- NOTE : 1. Mr. D. Vijay Mohan is related to Mr. L.G. Varadarajulu, Chairman, Mr. D. Sarath Chandran, Director and Mrs. Vanitha Mohan, Executive Director.
2. The Vice Chairman & Managing Director is appointed for a period of five years at a time. Rest of them are permanent employees of the Company.
3. Gross remuneration includes salary, commission, performance reward, allowances, Company's contribution to provident fund, gratuity fund, service weightage and superannuation fund, reimbursement of medical and leave travel expenses.
4. Net remuneration represents salary, commission, performance reward, allowances, reimbursement of medical and leave travel expenses less income-tax and employees contribution to provident fund.