

**PREMIER LTD.**

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*61st Annual Report*  
*2006-2007*

**PREMIER LTD.****(Formerly The Premier Automobiles Ltd.)****BOARD OF DIRECTORS****VINOD L. DOSHI***Chairman***MAITREYA V. DOSHI***Vice Chairman & Managing Director***SHARAYU DAFTARY [SMT.]****JAGDISH KHANNA****S. PADMANABHAN****ASIT D. JAVERI***Compliance Officer***RAMESH M. TAVHARE***General Manager (Legal) & Company Secretary***REGISTERED OFFICE & WORKS**

Mumbai - Pune Road

Chinchwad

Pune - 411 019

**STATUTORY AUDITORS**

K.S. Aiyar &amp; Co.

Chartered Accountants

**SOLICITORS**

M/s. Crawford Bayley &amp; Co.

M/s. Kanga &amp; Co.

M/s. AZB &amp; Partners

**BANKERS**

State Bank of India

**REGISTRAR & TRANSFER AGENTS**

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound

Lal Bahadur Shastri Marg

Bhandup (West), Mumbai - 400 078

Tel. No. [022] 2596 3838

Fax No. [022] 2594 6969

Email ID: isrl@intimespectrum.com

**61st ANNUAL GENERAL MEETING****Day & Date**

Friday,

June 22, 2007

**Venue**

Hotel Kalasagar, P/4, MIDC

Mumbai - Pune Road

Pimpri, Pune - 411 034

**Time**

11:00 a.m.

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### NOTICE

NOTICE is hereby given that the SIXTYFIRST ANNUAL GENERAL MEETING of the members of Premier Limited will be held on Friday, the 22<sup>nd</sup> June, 2007 at 11.00 a.m at Hotel Kalasagar, P/4, MIDC, Mumbai-Pune Road, Pimpri, Pune – 411 034, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2007 and Profit and Loss Account for the year ended on that date along with the reports of the Auditors and the Board of Directors.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2007.
3. To appoint a director, in place of Shri Asit Javeri who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director, in place of Smt. Sharayu Daftary who retires by rotation and being eligible, offers herself for reappointment.
5. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT M/s K.S. Aiyar & Co., Chartered Accountants be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax and out-of-pocket and/or travelling expenses as may be determined by the Board of Directors on the recommendation of the Audit Committee of the Board."

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:  
 "RESOLVED THAT Article 98 (3) of the Articles of Association of the Company, be and is hereby amended to read as under:

#### 98(3) Time of taking Poll

If a poll is duly demanded, the same, if on the election of the Chairman of a meeting or on any question of adjournment, shall be taken at the meeting and without adjournment, and if on any other question, shall be taken in such manner and at such time and place, and either at once, or after an interval or adjournment not being later than forty-eight hours from the time when the demand was made as the Chairman of the meeting, who subject to the provisions of the said Act shall have power to regulate the manner in which a poll shall be taken, shall direct.

By Order of the Board,



Ramesh M. Tavhare  
General Manager (Legal) &  
Company Secretary

### Registered Office:

Mumbai-Pune Road  
Chinchwad  
Pune – 411 019.

April 24, 2007



## NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing a proxy and the power of attorney, if any, under which it is signed, should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Annual General Meeting.

- 2) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No.6 set out above is annexed hereto.
- 3) The Register of Members and Share Transfer Books will remain closed from Tuesday, the 12<sup>th</sup> June, 2007 to Friday, the 22<sup>nd</sup> June, 2007 (both days inclusive) for payment of dividend on equity shares.
- 4) If the dividend, as recommended by the Board of Directors is declared at the ensuing Annual General Meeting, then the payment of such dividend will be made to those shareholders whose name appear in the Register of Members of the Company as on Friday, the 22<sup>nd</sup> June, 2007.

In respect of the shares held in electronic form (dematerialized mode), the dividend will be payable on the basis of the details of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as at the end of business hours on Monday, the 11<sup>th</sup> June, 2007.

- 5) If members holding shares in physical form, wish to receive dividend through Electronic Clearing Services (ECS), kindly provide your bank account details along with photocopy of the cancelled cheque bearing the 9-Digit MICR code number of the bank where the account is held, to our Registrar and Transfer Agents, Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai – 400 078, so that dividend can be remitted to the credit of their bank account through ECS facility, provided such facility is available in your locality.
- 6) Members holding shares in dematerialized form are advised to inform their bank account details/confirm correctness of such details already provided to their respective Depository Participants along with the 9-Digit MICR code number of the bank where the account is held so that the dividend can be remitted to the credit of their bank account through ECS facility, provided such facility is available in your locality.
- 7)
  - i) Members/Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting.
  - ii) Members holding shares in physical form, may write to the Company's Registrar & Transfer Agents for any change in their address and bank mandates and members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their contact address.
  - iii) Members are requested to send all communications relating to shares to the Company's Registrar & Transfer Agents (Physical and Electronic) at Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai – 400 078.
  - iv) Corporate members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 8) Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund.

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Details of dividend declared from the year 2004-05 onwards are given below:

Financial Year	Declared on	Dividend %	Amount of dividend per share (Rs.)
01-04-2004 to 31-03-2005	29-07-2005	15	1.50
01-04-2005 to 31-03-2006	11-08-2006	15	1.50

Members, who have not encashed the dividend warrants for the above years, are requested to write to the Company giving the necessary details.

The equity shares of the Company are listed on Bombay Stock Exchange Ltd., Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Mumbai – 400 051. The listing fees have been paid up-to-date to these Exchanges.

- 9) At this Annual General Meeting Shri Asit Javeri and Smt. Sharayu Daftary, retire by rotation, and being eligible, offer themselves for reappointment.

The brief background and functional experience of the directors proposed for reappointment, are given below along with the details of the companies in which they are directors and committees of which they are members.

- (i) Shri Asit Javeri aged 50 years, holds a Bachelors Degree in Science from Mumbai University. He has over 25 years of experience in chemical industry. He started his career as a Director of Indo Berolina Industries Private Ltd. wherein, he was involved with the engineering team in setting-up chemical plants. He was also instrumental in setting-up a dedicated bulk drug plant for BEC Chemicals Private Ltd. overseeing production, marketing, finance, etc. He thus has enriched experience in the chemical industry.

In 1984, he joined the Board of Sadhana Nitrochem Ltd. Over the years, he has been actively involved in major diversification projects and propelling the Company to a Star Export House status. He has also been instrumental in diversifying the product and customer profile of Sadhana Nitrochem Ltd.

The details of other directorships and committee membership held by him are:-

DIRECTORSHIP	COMMITTEE MEMBERSHIP
Sadhana Nitrochem Ltd. <i>Chairman &amp; Managing Director</i>	1
Indian Extractions Ltd.	4
Phthalo Colours and Chemicals Pvt. Ltd.	1
Anuchem B.V.B.A. – Belgium	
Lifestyle Networks Pvt. Ltd.	-
Chandra Networks Pvt. Ltd.	
Medchem Technologies Pvt. Ltd.	-
Manekchand Panachand Trading and Investment Co. Pvt. Ltd.	-

Shri Asit D. Javeri is holding 10,300 equity shares in the Company.

- (ii) Smt. Sharayu Daftary is aged 73 years. She is a graduate from Bombay University and has varied experience in industrial engineering and management. She was elected first woman president of Automotive Components Manufacturers' Association of India in 1971, and the first woman president of Indian Merchants Chamber, Mumbai in 1981 and again for the year 2000-



2001. She is the first woman member of Executive Committee of the Federation of Indian Chamber of Commerce and Industries. She held various positions in important public office like Vice President of Mahila Arthik Vikas Maha Mandal, Government of Maharashtra, Vice President of Maharashtra Chamber of Commerce & Industries, Chancellor Nominee as Senate Member to Executive Council of the SNDT Women's University, Bombay, Member, Central Advisory Council for Industry, Government of India. She has been director of the Company from April 1996.

She is a director on the Board of Bharat Radiators Pvt. Ltd., Bharat Radiators Industries Pvt. Ltd. and Vista Communication Pvt. Ltd.

Smt. Sharayu Daftary is holding 5,000 equity shares in the Company.

## EXPLANATORY STATEMENT

### AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### ITEM: 6

Article 98(3) of Articles of Association of the Company provides that if poll is demanded at the meeting of the members, then the same shall be taken in Bombay (now Mumbai). As the Registered Office of the Company is situated at Chinchwad, Pune and General Meetings of the members are held there, it would be inconvenient to take poll at Mumbai as and when demanded. The provision of poll at Mumbai was kept in Articles as the Registered Office of the Company was earlier at Mumbai. It is, therefore, proposed to delete the words, 'in Bombay' from the said Article No.98(3).

The Board recommends the passing of the Special Resolution as set out in Item No.6 of the accompanied notice. None of the Directors are concerned or interested in the resolution.

By Order of the Board

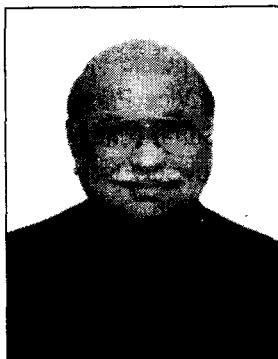
Ramesh M. Tavhare  
General Manager (Legal) &  
Company Secretary

#### Registered Office:

Mumbai-Pune Road  
Chinchwad  
Pune - 411 019

April 24, 2007

## 61st Annual Report



### CHAIRMAN'S STATEMENT

Dear Shareholders :

Welcome to the 61<sup>st</sup> Annual General Meeting of your Company.

The Indian economic scenario for the past year has been very encouraging with higher than 8% GDP growth leading to strong demand for sectors in which your Company operates. The current year also promises to be robust with the main concern being rising inflation and the continued shortage of power for industry. To maintain strong economic growth, the Government needs to improve agricultural output as it affects the majority of our population and has a direct multiplier effect on consumption and demand in the economy.

I am happy to convey that your Company has achieved an excellent operating performance this year with 57% growth in sales and 236% growth in profit from operations. Consequently, the Board of Directors has recommended an increase in the dividend to 20% this year compared to 15% last year.

The Machine Tool business continues to perform very strongly. This year, it has achieved a milestone in producing and selling 100 gear machines - a record for your Company. The order book continues to remain very strong. Due to various operational efficiencies, machine delivery times have been reduced by nearly half to 2½ months from the earlier 6 months.

Our Engineering Division continues to get additional business, increasing its output of cylinder blocks to TATA Motors from 100 to nearly 400 per day. It has also commenced supplying windmill parts to ENERCON and tractor components to Carraro, Italy. The sales and profit of this division are expected to improve substantially this year due to its increased operations.

Our Light Vehicle Division has made considerable progress, although not yet fully commercialized. Your Company has been able to establish a network of 42 dealers and has delivered over 895 vehicles to the market. Based on customer feedback, certain product improvement is in process which would result in better sales and the customer satisfaction in the future.

The Board is evaluating several options for your Company's land at Dombivli that has been taken as "stock-in-trade" this year. I expect this to be completed in the current financial year.

Your Company could continue to perform well, thanks to the guidance of our esteemed Board Members, dedication of our employees at all levels and cooperation of our suppliers, bankers as well as other business associates. I would particularly like to record my appreciation to SICOM, HDFC and SBI who have consistently supported to your Company even during its most difficult period.

With best wishes and regards  
Yours sincerely

Vinod L. Doshi  
Chairman





## REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION & ANALYSIS

To The Members

The Directors are pleased to present the sixtyfirst annual report of the Company and the audited statement of accounts for the financial year ended on 31<sup>st</sup> March, 2007. This report includes management discussion and analysis of the Company's operations.

	THIS YEAR 2006-07 (Rs. Lakhs)	PREVIOUS YEAR 2005-06 (Rs. Lakhs)
<b>1. OPERATING RESULTS</b>		
Total Income	13050.96	14458.26
Profit before depreciation	5678.07	2498.52
Less: Depreciation	171.34	120.91
Profit before tax	5506.73	2377.61
Less: Provision for taxation	682.65	233.97
Profit for the year after tax	4824.08	2143.64
Surplus brought forward	2037.04	449.26
Surplus available for appropriation	6861.12	2592.90
Appropriations:		
Proposed dividend on equity shares	521.36	391.02
Dividend Tax	88.60	54.84
Transfer to General Reserves	5400.00	110.00
Balance carried forward	851.16	2037.04

The Company has reported satisfactory progress with increase in operational turnover and profitability.

### 2. DIVIDEND

The Directors recommend a dividend of 20% (i.e. Rs.2/- per share) on equity shares for the year ended on 31<sup>st</sup> March, 2007. The payment of dividend will be subject to the approval of the shareholders at the ensuing annual general meeting.

### 3. OPERATING HIGHLIGHTS

#### 3.1 Machine Tool and Engineering Division:

Machine Tool and Engineering continues to be the core business of the Company. This segment achieved a turnover of Rs.71.38 Crores as compared to Rs.49.56 Crores in the previous year, showing an impressive growth of 44%. The profitability also has increased in tune with the growth in turnover.

During the year under review, "Mission Hundred", an aim of producing 100 Gear machines was successfully completed. The painstaking efforts of the team of engineers and technocrats ensured that Company's



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products are of international quality having advanced technology and performance superiority.

In Engineering Division the Company has received orders from Enercon India Ltd. for supply of steel parts for windmills. The Company has achieved the required quality standards and supplies have commenced during the year.

The capacity of engine block machining line for Tata Motors Ltd. (TML) has been enhanced to supply 350 Nos. per day as against the earlier 100 Nos. per day.

The Company has also signed a contract with Carraro India Ltd. for supply of fully machined housing parts for their tractors. The supplies have commenced on trial basis and full fledged supply would commence shortly.

The order book position of the Company is healthy. Your Directors are optimistic about further improvement in performance during the current year.

### 3.2 Light-utility Vehicle Division:

The division achieved a turnover of Rs.17.79 Crores as against Rs.7.28 Crores in the previous year. During the year the Company has installed state-of-art Body-in-White facilities and has commenced building bodies of 'Roadstar' from imported CKD's. A new assembly line having a capacity of 12000 vehicles per year was made operational during the year. A new engine assembly line has also been setup to produce Bharat Stage III engines. The Company has also commenced civil construction for a new paint shop.

On marketing front, your Company appointed 33 new dealers thereby taking total dealerships to 42. The Company expects to take the total dealerships to 75 in the current year.

This division is expected to consolidate its position during the current year.

### 3.3 Property Status:

As a part of real estate activity, during the year, Industrial land situated at Dombivli, Kalyan hitherto held as fixed assets, was converted into 'Stock-in-Trade' at an amount of Rs.6072.29 lakhs being the fair market value as determined and certified by a Government approved valuer. The surplus amount of Rs.6057.31 lakhs being the difference between the fair market value and book value arising on this account has been transferred to Profit and Loss Account. The actual realizable value of the land is expected to be greater than the book value and the Company is weighing various options to maximizing value out of the said real estate.

## 4. CORPORATE GOVERNANCE

A separate report (Annexure - 'A') on Corporate Governance is included in the Annual Report and the Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.

## 5. ORDER PASSED BY COMPANY LAW BOARD

The Board is pleased to inform the shareholders that the Company Law Board (CLB) vide its Order dated 26<sup>th</sup> February, 2007 has dismissed the petition filed by the Government of India in the year 2002 under Section 388B of the Companies Act, 1956 thereby exonerating the Company and the Directors and vindicating them from all charges.

## 6. BUSINESS REVIEW

The Company's primary operation continues to be in Machine Tool and Engineering Sectors. In both the segments, customized engineering solutions, manufacturing and supplies are the key aspects. There is a good demand for high speed gear cutting machine newly developed by the Company as well as for smaller



vertical turning centers and low cost vertical machining centres (VMCs).

The auto components segment is also in good demand and the Company expects sizeable growth in the years ahead. The opportunities for new engineering products such as for windmills are also expected to grow.

There are large opportunities available to the Company and it is well poised to exploit them with excellent technical know-how at its disposal.

As regards Light Vehicle Division, Pick-up having E-II and E-III version with expanding dealer network will give further boost to demands of these vehicles.

## **7. PRODUCT DEVELOPMENT**

### **7.1 Machine Tools**

During the year, our research and development department has developed a "state of art" high-speed gear hobbing machine which will cater to auto component industry in the coming years for producing precision, high quality gears with increased productivity. We have also developed a special Plano-Miller during the year to machine bogie components for railways and a high productivity special purpose machine for machining connecting rods for automobiles. The Company has also developed VM-40 machine which is a small size vertical machining centre required in many small and medium scale engineering industries.

### **7.2 Vehicle Division**

The Company with in-house engineering efforts could convert Bharat Stage II (Euro II) TUD5 engine into Bharat Stage III (Euro III) for the Roadstar SA model and production has started at the new assembly line. The product has already been certified by ARAI.

The Company has also introduced a new model 'Roadstar FE' with Bharat Stage III norms.

## **8. OPPORTUNITIES**

- There are ample opportunities for Indian machine tool industries due to government thrust on infrastructure.
- Growth in auto sector with global automobile companies setting up manufacturing plants will boost the auto component business.
- Inflow of Foreign Direct investment which is increasing would enhance the growth of Indian manufacturing sector.
- Huge "out sourcing" demands for engineering division due to international competitive cost/quality.
- Growing market for vehicles.

## **9. THREATS**

- Global companies are pushing in their machine tools to grab the opportunities in India.
- The machine tools from Taiwan, Korea and China are posing competition to Indian industries.
- The second hand machines from Europe are still finding market in India with reduced import duties @ 7.5%.
- For vehicle division, lack of strong product finance back up and steep competition from other auto manufacturers.