

**PREMIER LTD.**



**63rd Annual Report | 2008-09**

## *In Memory*



*Vinod L. Doshi*

20th March 1932 - 6th October 2008

Chairman Emeritus

The board, in its meeting on 23rd October, 2008 recorded the sad demise of Mr. Vinod L. Doshi. It expressed its gratitude and appreciation for his invaluable guidance, leadership and yeoman service in steering the Company's growth and profitability, during his 34 years association since 1974, first as a director and thereafter as the Executive Chairman.

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### Compliance Officer

Ramesh Tavhare  
Vice President (Corporate Affairs)  
& Company Secretary

### Statutory Auditors

K. S. Aiyar & Co.  
Chartered Accountants

### Internal Auditors

Jayesh Dadia & Associates  
Chartered Accountants

### Solicitors

Crawford Bayley & Co.  
Kanga & Co.  
AZB & Partners  
AMC Law Firm  
Economic Laws Practice

### Regional Offices

#### Bengaluru

204-B, A Block, Queen's Road  
Bangalore - 560 001  
Tel: +91-80-22203991  
Fax: +91-80-22264302  
Email: mnagaraj@premier.co.in

#### Chennai

T-8/1, 4th Main Road,  
Anna Nagar, Chennai - 600 004  
Tel: +91-44-26190409  
Fax: +91-44-26190302  
Email: sathya@premier.co.in

### Bankers

State Bank of India

### Registrar and Transfer Agents

Link Intime India Pvt. Ltd.  
C-13, Pannalai Silk Mills Compound  
Lal Bahadur Shastri Marg  
Bhandup (W), Mumbai - 400 078  
Tel: 022-25946970-78  
Fax: 022-25946969  
Email: rnt.helpdesk@linkintime.co.in

### Regd. Office & Works

Premier Ltd.  
Mumbai-Pune Road,  
Chinchwad, Pune 411019, India.  
Tel: +91-20-66310000 / 27475161,  
Fax: +91-20-66310371  
Email: investors@premier.co.in  
Web: www.premier.co.in

#### Kolkata

7, Commerce House  
G. C. Avenue, Kolkata - 700 019  
Tel: +91-33-22192958, 22192918  
Fax: +91-33-22132953  
Email: skchatterjee@premier.co.in

#### New Delhi

407, 4th Floor, World Trade Centre  
New Delhi - 110 001  
Tel: +91-11-23413331  
Fax: +91-11-23413331  
Email: mcnanda@premier.co.in

## Board of Directors

### **Maitreya Doshi**

Chairman & Managing Director

### **Jagdish Khanna**

Chartered Accountant

IAS (Retd.) / Advisor

### **Asit Javeri**

Industrialist

### **Rohita Doshi**

Computer Engineer

### **Rohan Shah**

Solicitor

### **Udo Weigel**

Machine Tool Technologist

### **Kavita Khanna**

Management Consultant

## Senior Management Team

### **President**

**V. T. Pawar**

### **Vice Presidents**

**K. G. Rath**

**Rakesh Mehta**

Light Vehicles

**M. D. Adhikari**

Personnel and Administration

**Ramesh Tavhare**

Corporate Affairs & Company Secretary

### **Sr. General Managers**

**R. G. Kundalkar**

Machine Tool (Operations)

**V. J. Shah**

Machine Tool (Design & Quality)

**D. D. Mulherkar**

Machine Tool (Commercial)

## Letter to Shareholders



Dear Shareholders,

2008-09 was a year of consolidation and preparing for the future of our Company.

Our Gear Cutting Machine Tool Business declined nearly 40% this year. This equipment is mostly purchased by the auto and auto component industry that were the worst affected by India's economic slowdown.

However, our Company's experience and expertise in large, specialized machine tools for heavy engineering applications enabled us to more than make up this loss with orders from public sector enterprises and large private sector companies. This sector continues to show robust potential this year and our product mix will be nearly 90% in non-auto related heavy machines driven by the substantial investment and modernization plans of the railways, defence and public sector.

Our Machine Tool division's Rs.100 crore expansion and modernization program has been mostly completed and this should yield a nearly 400% productivity increase while reducing factory through-put time by nearly 50%.

Our Engineering Business continues to show a robust 60% growth in sales and profitability. Although supplies to recession hit automotive clients like TATA Motors and Carraro declined during the year, this was more than made up by increased business from the wind energy sector.

We are currently working on several new projects with companies like BEML, Cummins and JCB for their complex engineering component requirements in the earth moving, power gen-set and metro rail sectors. This division should maintain its high growth during the current year, continuing to contribute significantly to our Company's bottom line.

Although our Vehicle Business could not progress in terms of sales and profits, it focused on product perfection and developing variants like ambulance, garbage tipper, school bus, CNG pickup truck etc. Our products are all well accepted by the market. The only deterrent now to increased volumes is the availability of vehicle finance.

This project retains its original low risk character, with a relatively small capital investment resulting in low break-even volumes. The Board and

Management remain vigilant to ensure that fresh investments, if any, in this project are made very judiciously.

Our Company's five year strategic vision varies for each of our Businesses.

As a large, reputed and established player in the Machine Tool business, coupled with our "state of the art" production facilities, we aim to soon become the industry leader in India and, in parallel, globalize the business through strategic acquisitions in USA or Europe.

The Engineering Business will continue to partner with blue chip clients moving up the value chain from commodity, automotive component production to providing highly complex, customized engineering solutions to the energy and infrastructure sectors. This will act as an entry barrier for competitors while improving our margins.

The Vehicle Business will focus on the light utility or non-passenger car segment because it needs less investment for frequent model changes, lesser advertising and promotion and does not directly compete with global car makers. We want to be a mid-volume, domestic, niche player. With its low capital investment and break even, this project can generate good profitability without needing large volumes.

My sincere appreciation to our shareholders, employees, suppliers, business associates and particularly our lenders: SBI, SICOM and HDFC who have consistently supported the Company.

Finally, on a personal note, our Company Chairman, and my father, Vinod Doshi's demise on 6.10.08 has left an irreplaceable void, for all of us, at Premier. His knowledge, experience, wisdom and unstinting support were invaluable in turning around the Company as well as motivating our entire team. We all miss him very much.

With regards,

Maitreya Doshi  
Chairman

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## Notice

NOTICE is hereby given that the SIXTYTHIRD ANNUAL GENERAL MEETING of the members of the Premier Limited will be held on Friday, the 26th June, 2009 at 2.30 p.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 31st March, 2009 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 31st March, 2009.
3. To appoint a director, in place of Mr. Asit Javeri who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director, in place of Mrs. Kavita Khanna 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."

By Order of the Board,



**Ramesh Tavhare**

Vice President (Corporate Affairs)  
& Company Secretary

### Registered Office:

Mumbai-Pune Road, Chinchwad, Pune - 411019  
28th April, 2009

### 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 Register of Members and Share Transfer Books will remain closed from Friday, the 19th June, 2009 to Friday, the 26th June, 2009 (both days inclusive) for payment of dividend on equity shares.

3. The dividend on Equity Shares, if declared at the ensuing Annual General Meeting, will be paid on or after 26th June, 2009 to those Members whose names shall appear on the Company's Register of Members on 18th June, 2009. In respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.

4. 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, Link Intime India Pvt. 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 your bank account through ECS facility, provided such facility is available in your locality.



5. 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 your bank account through ECS facility, provided such facility is available in your locality.

6. 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 and 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 and Transfer Agents (Physical and Electronic) at Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai – 400 078.

iv) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

7. Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund.

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

Financial Year	Declared on	Dividend %	Dividend / share (Rs.P)
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
01.04.2006 to 31.03.2007	22-06-2007	20	2.00
01.04.2007 to 31.03.2008	27-06-2008	25	2.50

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., P. J. Towers, Dalal Street, Mumbai - 400 001 and National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. The listing fees have been paid up-to-date to these Exchanges.

8. Mr. Asit Javeri and Mrs. Kavita Khanna, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The brief background and functional experience of the directors proposed for reappointment, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of this Annual Report.

By Order of the Board,



**Ramesh Tavhare**  
Vice President (Corporate Affairs)  
& Company Secretary

**Registered Office:**  
Mumbai-Pune Road  
Chinchwad, Pune - 411019

28th April, 2009

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## Directors' Report

### To The Members

Your Directors are pleased to present the 63rd Annual Report and the audited accounts for the financial year ended 31st March, 2009.

### 1. Financial Results

The financial performance of the Company for the financial year ended 31st March, 2009, is summarized below:

	Rs. (Lakhs)	
	2008-09	2007-08
Profit (from operations) before Depreciation, Interest & Tax	2705.84	2284.86
Less: Interest	670.93	373.64
Depreciation	331.50	276.65
<b>Profit (from operations) before Tax</b>	<b>1703.41</b>	<b>1634.57</b>
Add/(Less): Exceptional item	(49.46)	281.99
<b>Profit before tax</b>	<b>1653.95</b>	<b>1916.56</b>
Add/(Less):		
Excess/(short) provision for tax for earlier years	(24.82)	665.81
Less: Provision for current taxation	250.39	217.51
Provision for Fringe Benefit Tax	17.76	23.40
<b>Profit after Tax</b>	<b>1360.98</b>	<b>2341.46</b>
Add: Balance in Profit and Loss Account	872.06	851.16
<b>Amount Available for Appropriation</b>	<b>2233.04</b>	<b>3192.62</b>
<b>Appropriations:</b>		
Dividend on Equity Shares	759.31	701.36
Tax on dividend	129.05	119.20
General Reserve	450.00	1500.00
Balance carried to Balance Sheet	894.68	872.06

During the year under review, the Company has shown a rise of 19% in gross sales to Rs.145.61 crores. The profit before depreciation, interest and tax has gone up by 18% to Rs.27.06 crores from Rs.22.85 crores in the previous year and

profit after tax (without considering exceptional and non-recurring items) has increased by 3% at Rs.14.35 crores against Rs.13.93 crores in the previous year.

### 2. Dividend

The Directors recommend maintaining the dividend at 25% (i.e. Rs.2.50 per share) on equity shares for the year ended 31st March, 2009. The payment of dividend will be subject to the approval of the shareholders at the ensuing annual general meeting.

### 3. Operations & Management Discussion and Analysis

The current year's operations are covered in detail in the Management Discussion and Analysis Report. This Management Discussion and Analysis Report, as stipulated under Clause-49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of this annual report

### 4. Share Capital

During the year, 23,18,053 equity shares of Rs. 10/- each were allotted at Rs.39.43 per share (including premium of Rs.29.43 per share) to the Promoters of the Company on conversion of equivalent number of convertible warrants issued on preferential basis earlier. Consequently, the equity share capital of the Company has increased to Rs.30.39 crores from Rs. 28.05 crores last year and Rs.6.82 crores have been added to the share premium account. The proceeds have been utilized for financing the Company's capital expenditure and working capital requirements.

### 5. Real Estate

The Company owns about 216 acres of industrial land located at Dombivli, Kalyan since 1962 and was held as capital asset. The said land was converted into "Stock-in-trade" in 2006-07. The Company has reconverted it as a capital asset in the fixed asset block as of 31st December, 2008, at its book value of Rs. 6363.54 lakhs on that date. This re-conversion has no impact on the current year's profitability



of the Company. Consequently, the realty segment stands discontinued.

## 6. Corporate Governance

The Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, forms part of this Annual Report.

## 7. Directors

The Board records with profound grief and sorrow, the sad demise of our Chairman Emeritus, Mr. Vinod L. Doshi on 6th October, 2008. The Board places on record its gratitude and appreciation for the invaluable guidance, leadership and yeomen service of Late Mr. Vinod L. Doshi in steering the Company's growth and profitability during his 34 year association with the Company, first as Director from 1974 and thereafter as Chairman from 1982 to 2008.

Mr. Asit Javeri and Mrs. Kavita Khanna retire by rotation in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for reappointment

## 8. Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956

The Directors state that -

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 covered under this Report and of the profit of the Company for the year;
- (iii) 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) the directors had prepared the annual accounts on a going concern basis.

In terms of the requirement of Accounting Standards, segment-wise results are shown in the notes to accounts.

## 9. Conservation of energy, technology absorption & foreign exchange earnings & outgo

The details, as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, are provided in the annexure to the Directors' Report.

## 10. Particulars of Employees

The Particulars of employees in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, are set out in the annexure to the Directors' Report.

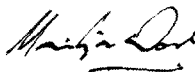
## 11. Auditors

M/s K.S. Aiyar & Co., Statutory Auditors, retire at the ensuing annual general meeting and are eligible for reappointment. The Audit Committee of the Board has recommended their reappointment. M/s K.S. Aiyar & Co. have, under Section 224(1) of the Companies Act, 1956, furnished the certificate of their eligibility for reappointment. Requisite resolution is being placed for the shareholders' approval.

## 12. Acknowledgement

The Directors wish to express their appreciation of the continued co-operation of the customers, suppliers and bankers. The Directors also wish to thank employees at all levels for their contribution, support and continued co-operation throughout the year.

On behalf of the Board of Directors



**Maltreya Doshi**  
Chairman & Managing Director  
28th April, 2009  
Mumbai

## Annexure to Directors' Report

### Conservation of energy

In view of acute energy shortages, the company has taken special efforts for energy conservation. For this purpose, the power factor is continuously monitored and maintained to 1.00(Unity) power on daily basis. The company has done clubbing of air compressor by connecting compressors in grid, resulted in saving of 22000 KWH per month. Installation of 5 star rated energy efficient air conditioner in the offices resulted in saving of substantial energy. All employees are made aware to use electrical energy efficiently by adopting good shop floor practices.

### Expenditure on R&D

Rs. (Lakhs)		
Particulars	2008-09	2007-08
Recurring expenses on R&D project	16.99	17.65
Total R&D expenditure as a percentage of total turnover	0.12%	0.15%

### Foreign exchange earnings and outgo

Rs. (Lakhs)		
Particulars	2008-09	2007-08
Foreign Exchange Earnings :		
FOB Value of Exports	204.37	99.50
Foreign Exchange Outgo :		
Imports (CIF value)	2149.85	1671.43
Foreign Travel	15.17	17.91
<b>Total</b>	<b>2165.02</b>	<b>1689.34</b>

### Technology absorption

New technology like CNC gear shaving is already absorbed and 1st Machine exhibited in IMTEX in Jan-2009. Gear Hobbing machines with electronic gear is developed in-house and introduced in the market. New cutting / machining technology is introduced to improve the quality and throughput time of our structural and critical components. On an average through put time has reduced by 50 % than earlier. The critical welding technology for wind mill parts and machining has been developed in house.

### Particulars of employees

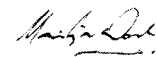
Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 2008.

Name	Age	Designation	Remuneration Rs. lakhs	Qualification	Experience in Years	Date of Commencement of Employment	Details of previous employment
Maitreya Doshi	46	Chairman & Managing Director	48.82	MBA from IMD (Switzerland) and B.A. (Econ.) from Stanford University, U.S.A.	25	16/12/85	-

Notes:

1. The nature of employment is contractual.
2. The gross remuneration shown above comprises of salary and monetary value of perquisites and Company's contribution to provident fund.
3. Mr. Maitreya Doshi is a relative of Mrs. Rohita Doshi, Director of the Company.

For and on behalf of the Board of Directors



**Maitreya Doshi**  
Chairman & Managing Director