



**PREMIER**

**66<sup>th</sup> Annual Report 2011-12**

# Engineering



**Trial on Premier CNC  
Machines before dispatch**



**Premier employee conducting an  
inspection for critical parameters**



**Stator carrier for wind turbine**



**Axle pin part (SG Iron Casting)  
for wind turbine**



**3 dimensional co-ordinate  
measuring machine**

# Contents

Board of Directors & Senior Management Team	1
Letter to Shareholders	2
Notice	4
Directors' Report	10
Highlights	14
Management Discussion & Analysis Report	15
Report on Corporate Governance	28
Auditors' Report	45
Balance Sheet	51
Profit & Loss Account	52
Cash Flow Statement	53
Notes forming part of the Financial Statements	55
Attendance Slip and Proxy Form	90

## Regd. Office & Works

Premier Ltd., Mumbai-Pune Road, Chinchwad, Pune 411 019, India.

**Tel: +91-20-66310000, Fax: +91-20-66310371**

## Corporate Office

58, Nariman Bhavan, 5th Floor, Nariman Point, Mumbai 400 021, India.

**Tel: +91-22-61179000/1/2, Fax: +91-22-61179003**

**Email: [investors@premier.co.in](mailto:investors@premier.co.in), Web: [www.premier.co.in](http://www.premier.co.in)**

## Branch Offices :

### Bengaluru

No 549-A, Parallel to 14th Cross  
4th Phase, Peenya Industrial Area  
Bengaluru - 560 058  
Tel: +91-80-28363071, 28363081  
Fax: +91-80-28363901  
Email: [snprasad@premier.co.in](mailto:snprasad@premier.co.in)

### Chennai

T-8/1, 4th Main Road,  
Anna Nagar, Chennai - 600 040  
Tel: +91-44-26190809  
Fax: +91-44-26190302  
Email: [dsvenugopal@premier.co.in](mailto:dsvenugopal@premier.co.in)

### Kolkata

2, Ganesh Chandra Avenue  
Commerce House, Room 7 & 7A  
1st Floor, Kolkatta - 700 019  
Tel: +91-33-22192918  
Fax: +91-33-22132953  
Email: [anchattopadyay@premier.co.in](mailto:anchattopadyay@premier.co.in)

### New Delhi

407, 4th Floor, World Trade Centre  
Barakhamba Lane, New Delhi - 110 001  
Tel: +91-11-23413331  
Fax: +91-11-23413332  
Email: [opgupta@premier.co.in](mailto:opgupta@premier.co.in)

## Compliance Officer

Ramesh M. Tavhare  
Vice President (Finance & Legal)  
& Company Secretary

## Statutory Auditors

K. S. Aiyar & Co.  
Chartered Accountants

## Internal Auditors

Jayesh Dadia & Associates  
Chartered Accountants

## Solicitors

Kanga & Co.  
Desai & Diwanji  
AMC Law Firm

## Bankers

State Bank of India  
State Bank of Hyderabad  
Corporation Bank  
Federal Bank Ltd.  
J&K Bank Ltd.

## Registrar and Transfer Agent

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg  
Bhandup (W), Mumbai - 400 078  
Tel: 022-25946970-78  
Fax: 022-25946969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

# Board of Directors

**Maitreya V. Doshi**

Chairman &  
Managing Director

**Rohita M. Doshi**

Computer Engineer

**Kavita Khanna**

Management Consultant

**S. Padmanabhan**

IAS (Retd.) / Advisor

**Rohan Shah**

Solicitor

**Dilip J. Thakkar**

Chartered Accountant

**Asit Javeri**

Industrialist

**Udo Weigel**

Machine Tool Technologist

**Ramesh Adige**

Industry expert -  
Automotive, Pharma,  
Healthcare, Banking &  
Public Policy

# Senior Management Team

**M. D. Adhikari**

President

**Rakesh Mehta**

Vice President  
Automotive Division

**K. G. Rathi**

Vice President  
Engineering Division

**Ramesh M. Tavhare**

Vice President  
Finance & Legal, Company Secretary

**D. S. Totre**

Sr. General Manager  
Gear Machines

**V. Murugan**

General Manager  
(Engineering)  
Automotive Division

**A. P. Goel**

General Manager  
(Marketing)  
Automotive Division

**K. S. Sundar**

Sr. General Manager  
Heavy Machines

**S. D. Joshi**

General Manager  
(Design)  
Gear Machines

**V. R. Kothari**

General Manager  
(Marketing)  
Gear Machines

**K. S. Nair**

General Manager  
Finance

**P. G. Salunkhe**

General Manager  
(Operations)  
Engineering Division

**N. M. Kuntoji**

General Manager  
(Commerical)  
Engineering Division

**Renuka Nair**

General Manager  
Accounts & MIS



# Letter to Shareholders



Dear Shareholders,

Your Company's performance for the year under review has been quite satisfactory with sales growing 24% and net profits also by 24%. This has prompted your board to increase the dividend to 30% from 27% in earlier years.

The Company's operating (EBITDA) margins are quite healthy at 26% of sales despite the auto division not yet yielding positive margins. However a large part of this is utilized in servicing the significantly increased interest burden thereby putting pressure on net profits. The high interest burden is due to the large capital expansion program undertaken by the Company for its various businesses. Interest costs were also higher during the year due to the unexpected rise in interest rates on account of the RBI's market policies. We are working on ways to reduce the Company's overall debt through monetizing its land as well as efficiently using working capital etc.

In the engineering segment, the CNC machine's product mix changed to a lesser number of larger value machines with greater technical complexity. In the engineering business introduction of new products like the metro rail bogie chassis for BEML and gear box housings for Siemens helped diversify the activity solely from wind energy equipment manufacturing.

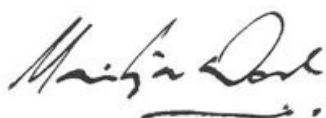
In the auto segment, the BSIV petrol version of the Premier RiO was introduced and the BSIV diesel version is in an advanced stage of preparation for commercial launch by Aug '12. The Company has entered into a 3 year engine supply contract with FIAT India for its highly successful and popular small diesel engine used by several other leading car manufacturers in India. This should help improve demand and sales for the otherwise well accepted compact SUV.

Although the current economic environment is extremely challenging for the sectors the Company operates in, particularly capital goods, I am hopeful that the current year will eventually deliver satisfactory results.

The Company continues to invest in R&D and develop its bank of intellectual property. In the past 5 years the Company has successfully filed more 19 Patents. This activity is pursued vigorously every year as part of the core strategy. Similarly, extensive investment is also made in developing human capital through a year round training and skill development program. The Company also has a wide range of CSR initiatives in line with national objectives.

I take this opportunity to thank all the Company's stakeholders- employees, bankers, shareholders, suppliers, dealers and business associates- for their unstinted support in achieving this result. I remain very confident and optimistic that Premier will grow vigorously, in sales and profitability, over the long term.

With regards,

A handwritten signature in black ink, appearing to read 'Maitreya V. Doshi', with a horizontal line underneath.

Maitreya V. Doshi  
Chairman

# Notice

NOTICE is hereby given that the SIXTY SIXTH ANNUAL GENERAL MEETING of the members of Premier Limited will be held on Friday, the 24<sup>th</sup> August, 2012 at 10.00 a.m. at the Registered Office of the Company at Mumbai-Pune Road, Chinchwad, Pune – 411 019 to transact the following business:

## **Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 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, 2012.
3. To appoint a director, in place of Mr. S. Padmanabhan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director, in place of Mr. Asit Javeri who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a director, in place of Mrs. Kavita Khanna who retires by rotation and being eligible, offers herself for reappointment.
6. 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 as 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:**

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

“RESOLVED THAT Mr. Ramesh Adige, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for office of director, under the provisions of the Section-257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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 provisions of Sections 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such statutory approvals as may be required, consent of the Company be and is hereby accorded to appoint Dr. Udo Weigel, Director of the Company, to provide professional services as Advisor/Consultant to the Company for a period of one year from 27<sup>th</sup> March, 2012 to 26<sup>th</sup> March, 2013, on payment of 400 Euros per day as consultancy fees for actual number of days consultancy/services rendered in India or abroad along with expenses for travelling, lodging and boarding, reimbursement of incidental and out of pocket expenses incurred by him in connection with the Company’s business, for travel to India or outside India for any assignments of the Company with authority to the Board of Directors to review, alter or vary the same from time to time.”

By Order of the Board,

**Ramesh M. Tavhare**

Vice President (Finance & Legal)  
& Company Secretary

**Registered Office:**

Mumbai-Pune Road, Chinchwad, Pune - 411 019

April 24, 2012



## 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 Tuesday, the 14<sup>th</sup> August, 2012 to Friday, the 24<sup>th</sup> August, 2012 (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 27<sup>th</sup> August, 2012 to those Members whose names shall appear on the Company's Register of Members on 24<sup>th</sup> August, 2012. 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 their 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 their 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 Circular No. 17/95/2011 CL-V, dated 21.04.2011, issued by the Ministry of Corporate Affairs, Government of India, as a part of green initiative in Corporate Governance, the Companies have been permitted to send notices / documents to the members through email.

Accordingly, the Company proposes to send notices /documents like the annual report in electronic form to the members who would register their email address with the depositories, and Registrar and Transfer Agent of the Company.

The Members are requested to register their email addresses by sending their details to the Registrar and Transfer Agent, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078, or to the Company at Premier Ltd., 58, Nariman Bhavan, 5th Floor, Nariman Point, Mumbai – 400 021.

Service of notices/ documents to the members whose email addresses will not be registered with the depository or the Company or the Registrar and Transfer Agent will be effected by mode of service as provided under section 53 of the Companies Act, 1956.

8. 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 (₹)
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
01.04.2008 to 31.03.2009	26-06-2009	25	2.50
01.04.2009 to 31.03.2010	30-08-2010	27	2.70
01.04.2010 to 31.03.2011	11-06-2011	27	2.70

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