



**PREMIER LTD.**

69TH ANNUAL REPORT

2014-15

# Engineering



State-of-the-art Engineering  
shop floor



Axle pin part (SG Iron Casting)  
for Wind Turbine



Manufacturing of Stator Carrier  
of Wind Turbine parts



Metro bogie frame



World class inspection facilities  
for Wind Mill Tower project

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## 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)

Corporate Identification Number (CIN): L34103PN1944PLC020842

## Branch Offices :

### New Delhi

407, 4th Floor, World Trade Centre  
Barkhamba Lane,  
New Delhi - 110 001  
Tel: +91-11-23413331

### Kolkata

1st Floor, Commerce House,  
Room No 7 & 7A, 2 Ganesh Chandra  
Avenue, Kolkata - 700 019

### Chennai

T-8/1, 4th Main Road,  
Anna Nagar, Chennai - 600 040  
Tel: +91-44-26190809

## Compliance Officer

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

## Statutory Auditors

K. S. Aiyar & Co.  
Chartered Accountants

## Internal Auditors

Jayesh Dadia & Associates  
Chartered Accountants

## Cost Auditors

ABK & Associates  
Cost Accountants

## Secretarial Auditors

NL Bhatia & Associates  
Practicing Company Secretaries

## Solicitors

Kanga & Co.  
Crawford Bayleye Co.  
Desai & Diwanji  
AMC Law Firm

## Bankers

State Bank of India  
State Bank of Hyderabad  
Corporation Bank  
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

**Dilip J. Thakkar**

Chartered Accountant

**Asit Javeri**

Industrialist

**Udo Weigel**

Machine Tool Technologist

**Ramesh Adige**

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

**Shailesh S. Vaidya**

Advocate and Solicitor

# Senior Management Team

**K. G. Rath**

President

**P. G. Salunkhe**

Vice President & Head  
Heavy Engineering

**D. S. Totre**

Vice President & Head  
CNC Machines

**Ramesh M. Tavhare**

Vice President & Head  
Legal & Corporate Affairs  
and Company Secretary

**Rakesh Mehta**

Vice President & Head  
Materials, HR &  
Administration

**K. S. Nair**

Vice President &  
Chief Financial Officer

**R. V. Nair**

General Manager  
Accounts & MIS

**S. D. Joshi**

General Manager  
Design &  
Development - Machines

**N. M. Kuntoji**

General Manager  
Commercial -  
Engineering

**V. R. Kothari**

General Manager  
Gear Machines Business

# Letter to Shareholders



Dear Shareholders,

The year under review has been extremely challenging and difficult for your Company. Sales revenue was down by 13.65% from Rs. 205 Cr. in the previous year to 177 Cr. in the current year. This is mainly on account of extremely adverse conditions prevailing in the sectors your Company operates in, such as automotive, auto component, wind energy and infrastructure. This has adversely affected profits for the year resulting in an overall Net loss of Rs. 45.83 Cr.

The CNC Machine division struggled for orders due to virtually no fresh capital expenditure spending by both, private sector companies as well as Government organizations / PSUs. The wind energy sector had crashed for the past 2 years, due to removal of certain incentives by the UPA Government. Although this was restored, it has taken time for wind turbine companies, who are our customers to revive, thereby affecting sales. Similarly infrastructure projects in power, metro rail etc. where we supply equipment remained very sluggish during the year.

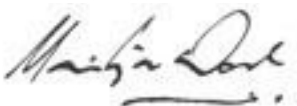
Besides, reduction in revenue, the Company had to make higher provisioning for depreciation and amortization, rising by nearly 24.15% from Rs. 32.75 Cr. to Rs. 40.66 Cr., due to the new provisions in the Companies Act 2013. The Company also faced a high interest burden that it is working on to bring down through real-estate sales and reduction of receivables and inventory.

The current year is expected to show improvement in terms of sales growth as there are now signs of revival in the wind energy sector and increased Government buying for CNC Machines. Our Management team is working hard to increase production despite cash flow stringency and return to profitability.

Your Company is entering into long term supplier relationships with the Hyundai group and the Alstom group for various Metro rail projects in India and overseas. This should start adding significant sales revenue in the next few years. We have also started exporting wind mill parts to Europe and expect to do about Rs. 20 Cr. of exports during the current year. I expect the current year to be one of consolidation and stabilization for your Company.

I would like to thank all the Company stake holders for their support during this challenging period for the Company and offer my heartfelt condolences to our late President, Mr. M. D. Adhikari's family on his sad demise in March this year.

With regards,



**Maitreya V. Doshi**

Chairman & Managing Director

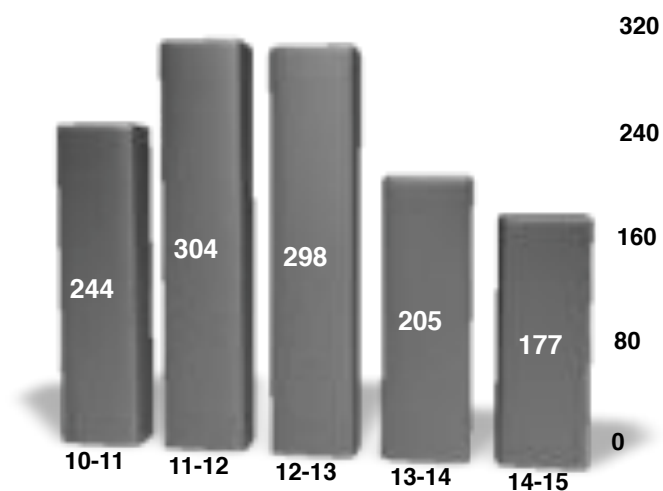
Date : 30<sup>th</sup> April 2015

Place : Mumbai

# Highlights

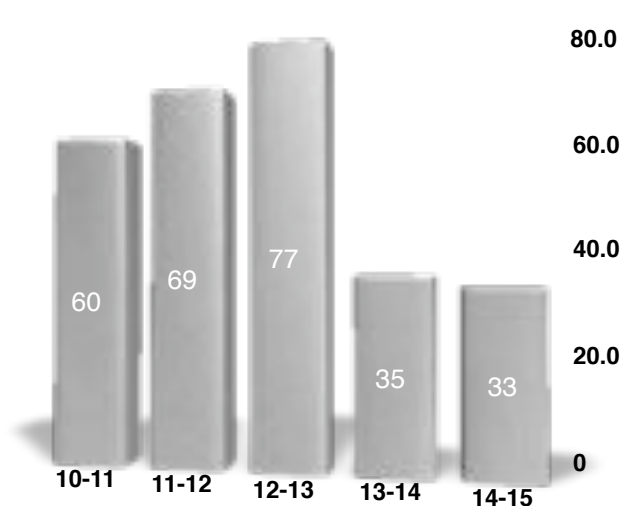
## Revenue

Crores



## EBITDA (operations)

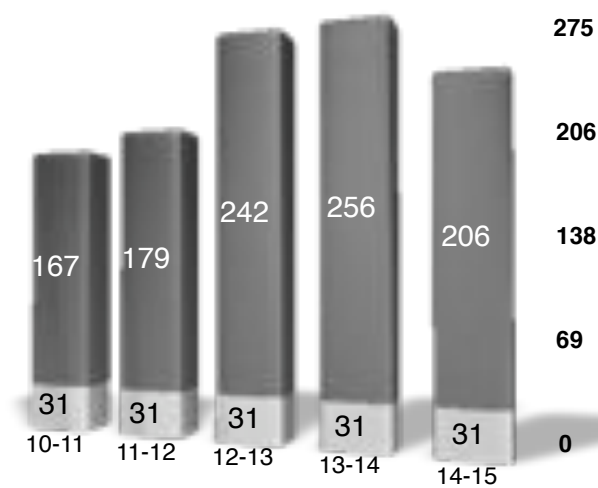
Crores



\*

## Net Worth

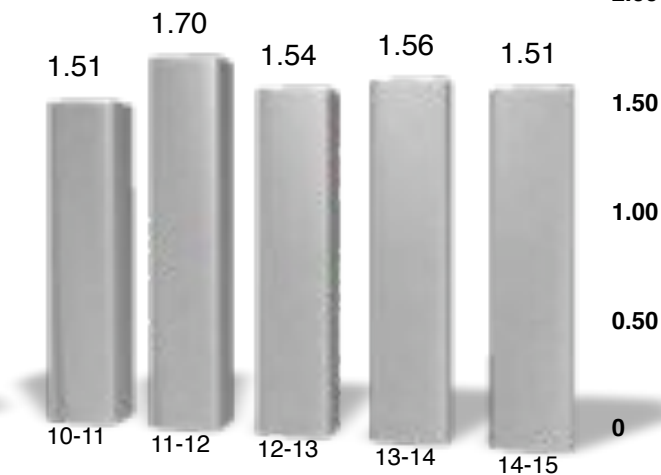
Crores



■ Share Capital ■ Reserves

## Debt Equity Ratio

2.00



# Directors' Report

To The Members

Your directors are pleased to present the 69th Annual Report and the audited accounts for the financial year ended 31st March, 2015.

## 1. Financial Results

The financial performance of the Company for the financial year ended 31st March, 2015, is summarized below:

	(₹ Cr.)	
	2014-15	2013-14
Profit before Depreciation, Interest & Tax	29.16	93.58
Less: Interest	61.72	66.18
Depreciation and Amortisation	40.65	32.74
<b>Profit before Tax / (Loss)</b>	<b>(73.21)</b>	<b>(5.34)</b>
Less: Provision for Current Taxation	0.00	0.00
Deferred Tax	27.38	30.49
<b>Profit after tax / (Loss)</b>	<b>(45.83)</b>	<b>25.15</b>
Add: Balance in Profit and Loss Account	96.29	84.80
<b>Amount Available for Appropriation</b>	<b>50.46</b>	<b>109.95</b>
<b>Appropriations:</b>		
Dividend on Equity Shares	0.00	9.11
Tax on dividend	0.00	1.55
General Reserve	0.00	3.00
Balance carried to Balance Sheet	50.46	96.29

During the year under review, the Company has achieved gross sales of Rs. 177 crores (Rs.205 cr. in the previous year). The profit before depreciation, interest and tax was Rs.29.16 as against Rs.93.58 crores in the previous year. The previous year profit included gain of Rs.58.46 cr. realized on account of compensation of Rs.64.13 cr. received from the Indian Railways for compulsory acquisition of certain portion of the Company's land at Dombivali.

The year under review had been very difficult on account of extremely adverse business situation for capital goods industry. There was considerable slow down in the offtake of CNC machines and parts for windmills. The Management expects improvement in business situation in the current year 2015-16, subject to macro situation returning to normalcy. The Management is taking all necessary steps within its power to improve the business.

## 2. Dividend

The Board has not recommended any dividend on equity shares

## 3. Operations and Management Discussion & Analysis

The current year's operations are covered 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. Corporate Governance

The Report on Corporate Governance, as stipulated under Clause- 49 of the Listing Agreement, forms part of this Report. Further, it is stated that:

- Five Board Meetings were held during the year ended 31.3.2015. The details are given in Item No.4 of the Corporate Governance Report.
- The composition of Audit Committee and other particulars are given in Item No.5 of the Corporate Governance Report

- iii. The Company has established a vigil mechanism for directors and employees to report their genuine concern and grievances. No personnel has been denied access to the Audit Committee.
- iv. The Company has adopted Risk Assessment Procedure which provides an approach by the Management to identify potential events that may affect the Company, to manage the risk within its risk appetite and to provide reasonable assurance regarding the achievement of the objectives of the Company. The Management prioritizes the risk and finalizes the action plan for mitigation of the key risks. The Board is of the opinion that there are no elements of risk which may threaten the existence of the Company.
- v. The number of shares held by non-executive directors as on 31.03.2015, have been disclosed in Para-8 of the Corporate Governance Report.

## **5. Directors**

Mrs. Rohita M. Doshi is retiring by rotation in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company and being eligible, offers herself for re-appointment.

Each of the Independent Directors of the Company has given a declaration under Section 149(7) of the Companies Act, 2013, to the effect that each of them meet the criteria of independence as provided in Sub-section 6 of Section 149 of the Companies Act, 2013. The Board confirms that each of these Independent Directors is independent of the management of the Company and has requisite qualification and experience to act as Independent Directors for the Company and further that in the Board's opinion each of them is a person of integrity and possess relevant expertise and experience in the fields related to the Company's business.

## **6. Directors' Responsibility Statement as required under Section 134(5) of the Companies Act, 2013**

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 and of the loss 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, 2013, 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.
- v. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The details as required under Clause-3 of Rule 8 of the Companies (Accounts) Rules, 2014, are provided in Annexure-I to the Directors' Report.

## **8. Fixed Deposits**

The Company has not either invited or accepted or renewed deposits from the members and public during the financial year ended 31st March, 2015, under Chapter-V of the Companies Act, 2013.

As regards the deposits accepted by the Company under the provisions of the Companies Act, 1956 and outstanding as on 31.3.2015, the attention is invited to Note No.4(d) of the Notes forming part of the financial statements.

## 9. Particulars of Employees

The particulars of employees, who were in receipt of remuneration not less than Rs.60 lacs for the financial year ended on 31st March, 2015, are given below:

Name of the employee	Mr. Maitreya V. Doshi
Designation of employee	Chairman & Managing Director
Remuneration received	136.43
Nature of employment	Contractual
Date of commencement of employment	16.12.1985
Qualification of the employee	MBA, BA(Eco)
Experience of the employee	30 years
Age of the employee	52 years
Last employment	--

Mr. Maitreya V. Doshi is related to Mrs. Rohita M. Doshi, Director of the Company.

The other disclosures under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014, are given in Annexure-II to the Directors' Report

## 10. 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 Rule-4 of the Companies (Audit & Auditors) Rules, 2014, furnished the certificate of their eligibility for reappointment. Requisite resolution is being placed for the shareholders' approval.

## 11. Cost Audit

The Central Government, vide Notification dated 31st December, 2014, has prescribed cost audit for engineering machinery industry with effect from the financial year 2015-16. Accordingly, the Board has appointed ABK & Associates, Cost Accountants (Regn.No.000036) to conduct audit of cost records for the Company's engineering machinery activities for the financial year 2015-16, on a remuneration Rs.1.65 lacs, apart from reimbursement of out-of-pocket expenses, as recommended by the Audit Committee. As required under Section 148(3) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration approved by the Board is being placed for ratification by the shareholders at the ensuing Annual General Meeting.

## 12. Other disclosures

The particulars as required under Section 134(3) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, are given below:

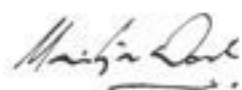
- The Company has in place adequate internal financial controls with reference to financial statements and such controls are adequate and are operating effectively.
- The extract of the Annual Return made as on 31.3.2015 under Section 92(3) of the Companies Act, 2013, in Form MGT9, is given in Annexure-III to the Directors' Report.
- The Nomination and Remuneration Policy under Section 178(3) of the Companies Act, 2013, is given in Annexure-IV to the Directors' Report.
- The report on the Corporate Social Responsibility under Companies (Corporate Social Responsibility Policy) Rules, 2014, is given in Annexure-V to the Directors' Report.
- The Secretarial Audit Report in Form MR3 prescribed under Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Section 204(1) of the Companies Act, 2013, is given in Annexure-VI to the Directors' Report.
- There are no adverse remarks made by the Auditors or the Company Secretary in practice in their respective reports.

- vii. The Nomination & Remuneration Committee of the Board has laid down the policy on Director's appointment, remuneration and criterias for determining qualifications, independence of directors, etc. Para-7 of the Corporate Governance Report discloses the criteria for payment of remuneration to non-executive directors and details of remuneration paid to the Directors and that the Company does not have Stock Option Scheme.
- viii. The formal annual evaluation of the Board and individual directors has been carried out as contemplated under the code for Independent Directors in Schedule-IV to the Companies Act, 2013, as per the criteria laid down by the Nomination & Remuneration Committee of the Board..
- ix. The Company has not entered into contract with related parties within the meaning of Section 188(1) of the Companies Act, 2013, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.
- x. The Company is not a subsidiary of any other company nor it has a subsidiary company. No Company has become or ceased to be associate or joint venture company of this Company during the year. The Company has existing two associate companies namely, PAL Credit & Capital Ltd. and Premier Auto Ltd. In terms of Notification dated 14.10.2014, issued by the Ministry of Corporate Affairs, the Company is not required to present consolidated financial statement in respect of the said associated companies for the financial year 2014-15.
- xi. No regulator or court or tribunal has passed any adverse significant and material order impacting the going concern status and the Company's operations in future.
- xii. Mr. K.S. Nair was appointed as Chief Financial Officer.
- xiii. The Company has given Rs.59.96 lacs as the loan to PAL Credit & Capital Ltd. for its business purpose during the year.
- xiv. The Company has adopted policy under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has constituted a Committee as required under the Act and the Rules thereunder. No complaints were received during the year.

## 12. Acknowledgement :

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

On behalf of the Board of Directors



**Maitreya V. Doshi**

Chairman & Managing Director

Date : 30<sup>th</sup> April 2015

Place : Mumbai