

PREMIER LTD.

71st Annual Report

2016-17

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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, Web: 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
51, 33/A, B.C.Chatterjee Road,
Post Talpukur, Barrackpore,
Kolkata: 700123

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 LLP
Chartered Accountants

Cost Auditors
ABK & Associates
Cost Accountants

Secretarial Auditors
NL Bhatia & Associates
Practicing Company Secretaries

Solicitors
Kanga & Co.
Crawford Bayley Co.
Desai & Diwanji
AMC Law Firm

Bankers
State Bank of India
Corporation Bank

Registrar and Transfer Agent
Link Intime India Pvt. Ltd.
C-101, 247 Park,
L. B. S. Marg, Vikhroli (W),
Mumbai - 400 083
Tel: 022-49186000
Fax: 022-49186060
Email:rnt.helpdesk@linkintime.co.in

Board of Directors

Maitreya Doshi
Chairman &
Managing Director

Rohita Doshi
Computer Engineer

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 Vaidya
Advocate and Solicitor

Senior Management Team

K. G. Rathi
President

Rakesh Mehta
Vice President &
Head Material, H.R.
And Administration

D. S. Totre
Vice President & Head
CNC Machines

Ramesh M. Tavhare
Vice President & Head
Legal & Corporate Affairs
and Company Secretary

K. S. Nair
Vice President &
Chief Financial Officer

R. V. Nair
General Manager
Accounts & MIS

S. D. Joshi
General Manager
Design &
Development - Machines

N. G. Kuntoji
General Manager
Commercial -
Engineering

V. R. Kothari
General Manager
Gear Machines
Business

Directors' Report

To The Members

Your directors present herewith the 71st Annual Report and the audited accounts for the financial year ended 31st March, 2017.

1. Financial Results

The financial performance of the Company for the financial year ended 31st March, 2017, is summarized below:

(₹ Cr)

Particulars	**2016-17**	**2015-16**
Profit/(Loss) before Depreciation, Interest & Tax	(24.64)	(10.34)
Less : Interest	67.27	57.02
: Depreciation and Amortization	29.37	31.58
Profit/(Loss) before exceptional items and Tax	**(121.28)**	**(98.94)**
Exceptional Items Net : Income / (Expenditure)	17.57	73.75
Profit before tax / (Loss)	**(103.71)**	**(25.19)**
Less : Provision for Current Taxation	0.00	0.00
Add : Deferred Tax Credit/Earlier Year Provision	1.19	0.00
Profit after tax / (Loss)	**(104.90)**	**(25.19)**
Add : Balance in Profit and Loss Account	25.27	50.46
Amount Available for Appropriation	**(79.63)**	**25.27**
Appropriations :		
Dividend on Equity Shares	0.00	0.00
Tax on dividend	0.00	0.00
General Reserve	0.00	0.00
Balance carried to Balance Sheet	(79.63)	25.27

The Company suffered losses during the year under report due to heavy interest burden and acute shortage of working capital. The manufacturing activity was at very low level due to paucity of working capital. However, the situation is expected to improve as more than 90% of the bank loans have been assigned to Edelweiss Asset Reconstruction Company Ltd (EARC). The management is in discussion with EARC to workout suitable and long term solution for repayment of loans as well as revival of operations of the Company. The management is working on various options to bring back normalcy in operations of the Company.

2. Dividend

The Board has not recommended any dividend on equity shares

3. Operations & Management Discussion and Analysis

The current year's operations are covered in the Management Discussion and Analysis Report. This Report, as stipulated under Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, is presented in a separate section forming part of this annual report.

4. Corporate Governance

The Report on Corporate Governance, as stipulated in Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, forms part of this Report. Further, it is stated that:

(i) Four Board Meetings were held during the year ended 31.3.2017. The details are given in Item No 3 of the Corporate Governance Report.

(ii) The composition of Audit Committee and other particulars are given in item No 4 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 hasbeen 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 31.03.2017, have been disclosed in Para-7 of the Corporate Governance Report.

5. Directors

During the year, Mrs Kavita Khanna resigned as an Independent Director from the Board due to her personal and professional pre-occupation. The Board places on record its appreciation for advice rendered by her during her tenure as Director.

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 lossof 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 and foreign exchange earnings and 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, 2017, 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 31.3.2017, the attention is invited to Note No. 7(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, 2017, are given below:

Name of the employee	Mr. Maitreya Doshi
Designation of employee	Chairman & Managing Director
Remuneration received	Rs. 97.74 Lacs
Nature of employment	Contractual
Date of commencement of employment	16.12.1985
Qualification of the employee	MBA, BA(Eco)
Experience of the employee	32 years
Age of the employee	54 years
Last employment	-

Mr. Maitreya Doshi is related to Mrs. Rohita 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

The Board of Directors, pursuant to recommendation of the Audit Committee, has appointed M/s Jayesh Dadia & Associates, LLP, Chartered Accountants (ICAI Firm Registration Number 121142W / W100122) as Statutory Auditors of the Company (in place of M/s. K. S. Aiyar, whose tenure expires) at the ensuing Annual General Meeting till the conclusion of 76th Annual General Meeting of the Company, subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting.

The Company has also received a confirmation from M/s. Jayesh Dadia & Associates, LLP, Chartered Accountants, Mumbai, to the effect that they are eligible and not disgualified under section 141 of the Companies Act, 2013 and the rules framed thereunder, for being appointed as Auditors of the Company.

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 2017-18, 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:

(i) The Company has in place adequate internal financial controls with reference to financial statements and such controls are adequate and are operating effectively.

(ii) The extract of the Annual Return made as on 31.3.2017 under Section 92(3) of the Companies Act, 2013, in Form MGT9, is given in Annexure - III to the Directors' Report.

(iii) The Nomination and Remuneration Policy under Section 178(3) of the Companies Act, 2013, is given in Annexure-IV to the Directors' Report.

(iv) The report on the Corporate Social Responsibility under Companies (Corporate Social Responsibility Policy) Rules, 2014, is given in Annexure - V to the Directors' Report.

(v) 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.

(vi) 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 criteria 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 VI 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. The Company has existing associate company namely, PAL Credit & Capital Ltd. The consolidated financial statements presented herewith include the financials of PAL Credit & Capital Ltd.
During the year, Premier Auto Ltd ceased to be associate of the Company.

(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.

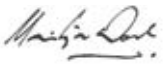
(xii) The Company has given Rs 41.38 lacs as the loan to PAL Credit & Capital Ltd. for its business purpose during the year.

(xiii) 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.

13. 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 Doshi
Chairman & Managing Director

Date: 29th May, 2017

Place: Mumbai

Annexure I to Directors' Report

Particulars of conservation of energy, technology absorption foreign exchange earnings and outgo, as prescribed in Rule 8(3) of the Companies (Accounts) Rules, 2014.

Conservation of Energy -

1. Steps taken or impact on conservation of energy –
   a) The power factor is continuously being monitored and maintained to 1.00 (Unity) power on daily basis. The saving is about Rs. 10.05 lacs p.a.
   b) There is continuous monitoring and control of air consumption and one compressor has been switched off resulting in a saving of 1200 KWH per day and Rs. 20 lacs p.a.
   c) The offices have been relocated, resulting in a saving of 180 kwh per day. This has resulted in a saving of Rs. 2 lacs p.a.
   d) Use of LED lights for office area, gangway and passages, etc..
   e) In Hundai Rotem bay 400 W metal halide lamps have been replaced with 220 W T5 tubelights, total 26 nos which will result in a saving of Rs.1.30 lacs p.a.
2. The steps taken for utilizing alternate sources of energy –
   a. Wind energy - Discussions are in process.
   b. Solar energy - Considered utilization of solar energy in the office building (1st floor). The cost of this proposal is approximate Rs.10 lacs.
   c. Light pipe - Utilization of light pipe in canteen building so that there is no need to switch on lights during the day. This light pipe transfers natural light in the given area. Electricity will no longer be required and cost is saved.
3. The capital investment on energy conservation equipments :
   a) Total cost of 1 LED light 120W is Rs. 35,000/-

Technology absorption -

1. Efforts made towards technology absorption –
   a. To cater to the needs of Automobile Industries, other Engineering industries, Railways, Defence and to be competitive in the market, specifications and features were enhanced for Gear Cutting machines and Vertical Turning Lathes.
   b. Special focus in design of Special Purpose machines.
   c. High Speed Gear Hobbing machine was developed with 0 to 180 deg Ring Loader to meet the increased demand for sprocket machining in the market.
   d. Table Bearing arrangement & Encoder Arrangement improved for VTL machines.
   e. Focus on Market of VTL Machines below 1000 mm Table size. VTL machines developed with L.M. Guide-ways and offset Table.
   f. Direct Drive Motors of various CNC manufacturers adopted for High Speed Gear Hobbing - Direct Drive machines.

2. The benefits derived –
   a. With the above technology absorption, there was improvement in product specifications, features and increase in Uptime.
   b. Due to import substitution, heavy cost of imported components got considerably reduced.
   c. This has improved price competitiveness of the products in the market.
3. No technology imported during the last 3 years.
4. Expenditure on Research & Development – Rs. Nil

C) Foreign exchange earnings and outgo

(₹ Lakhs)

Particulars	2016-17	2015-16
Foreign Exchange Earnings:		
FOB Value of Exports	304.72	671.26
Foreign Exchange Outgo:		
Imports (CIF value)	37.21	216.98
Foreign Travel	16.71	28.43
Others	0.00	0.00
Total	**358.64**	**916.67**

On behalf of the Board of Directors



Maitreya Doshi
Chairman & Managing Director

Date: 29th May, 2017

Place: Mumbai

Annexure II to the Directors' Report

Disclosure under Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(₹ Lakhs)

Sr. No.			(2015-16)	(2016-17)	
1.	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Median employees remuneration		3.18	
		Mr. Maitreya Doshi, CMD		97.74	30.74 times
		Mr. S. Padmanabhan		3.15	0.99 "
		Mr. Asit Javeri		3.85	1.21 "
		Dr. Udo Weigel		1.75	0.55 "
		Mrs. Rohita M. Doshi		1.40	0.44 "
		Mrs. Kavita Khanna		1.05	0.33 "
		Mr. Dilip J. Thakkar		2.80	0.88 "
		Mr. Ramesh Adige		2.10	0.66 "
		Mr. Shailesh S. Vaidya		1.05	0.33 "
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary or Manager, if any, in the financial year	Mr. Maitreya Doshi, CMD	97.00	97.74	0.76%
		Mr. S. Padmanabhan	2.10	3.15	50%
		Mr. Asit Javeri	2.10	3.85	83%
		Dr. Udo Weigel	1.05	1.75	67%
		Mrs. Rohita M. Doshi	0.35	1.40	300%
		Mrs. Kavita Khanna	1.05	1.05	-
		Mr. Dilip J. Thakkar	2.10	2.80	33%
		Mr. Ramesh Adige	2.10	2.10	-
		Mr. Shailesh S. Vaidya	1.05	1.05	-
		Mr. Ramesh M. Tavhare V.P. & Company Secretary	30.00	30.00	-
		Mr. K.S. Nair, C.F.O	22.10	22.10	-
3.	Percentage increase in the median remuneration of employees in the financial year		3.34	3.18	-4.76%
4.	Number of permanent employees on the rolls of the Company		562	520	
5.	The explanation on the relationship between average increase in remuneration and Company performance	There has been no increase in remuneration of the Company Secretary and the Chief Financial Officer. The remuneration of the Managing Director has been decreased, as in the previous year accumulated leave encashment was paid to him. The remuneration being paid to the Managing Director is in line with the Schedule-V to the Companies Act, 2013. The Company has been earning profits consistently for the last 9 years and it is only in the last 3 year it has incurred losses and that too due to adverse business situation prevailing in the capital goods sector in which the Company is operating.			
6.	Comparison of remuneration of the key managerial personnel against the performance of the Company	The Company has been earning profits consistently for the last 9 years. During the last two years the Company has incurred losses due to adverse business situation on account of adverse macro business situation in the country. The Company has been operating mainly in capital goods sector and the said sector has been going through recession for the last 3 years. In view of this, it is not possible to compare the remuneration of the key managerial personnel against the performance of the Company.			
7.	Variation in the market capitalization of the Company		93.09 Cr.	104.99 Cr.	11.90 Cr.
	Price earning ratio as at the closing date of the current financial year and previous financial year and		0 (Loss)	0 (Loss)	
	Percentage increase or decrease in the market quotation of shares of the Company in comparison to the rate at which the Company came out with the last public offer	Not applicable as the Company has not made any public offer for the last more than 50 years			