



PREMIER LTD.

64th Annual Report | 2009-10

MACHINE TOOL



▲ Technology centre in Pune



▲ Vertical turning centre



▼ New machine tool high bay



▼ Oxyfuel CNC profile cutting machine



▼ Engineering shop floor for wind turbine components



▼ Wind turbine stator carrier : Finished Weight 2177 kgs



▼ 3 dimensional co-ordinate measuring machine



ENGINEERING

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Bengaluru - 560 058

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Commerce House, Room 7 & 7A

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Email: skchatterjee@premier.co.in

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Barakhamba Lane

New Delhi - 110 001

Tel: +91-11-23413331

Fax: +91-11-23413332

Email: mcnanda@premier.co.in

Compliance Officer

Ramesh Tavhare

Vice President (Finance & Legal)
& 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

Bankers

State Bank of India

Registrar and Transfer Agents

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills

Compound, LBS Marg

Bhandup (W), Mumbai - 400 078

Tel: 022-25946970-78

Fax: 022-25946969

Email: rnt.helpdesk@linkintime.co.in

Board of Directors

Maitreya Doshi

Chairman & Managing Director

S. Padmanabhan

IAS (Retd.) / Advisor

Asit Javeri

Industrialist

Rohita Doshi

Computer Engineer

Rohan Shah

Solicitor

Udo Weigel

Machine Tool Technologist

Kavita Khanna

Management Consultant

Dilip Thakkar

Chartered Accountant

Senior Management Team

President

M. D. Adhikari

Vice Presidents

K. G. Rathi

Engineering Division

Rakesh Mehta

Vehicles Division

D. D. Mulherkar

Machine Tool Division

R. G. Kundalkar

Machine Tool (Projects)

V. J. Shah

Machine Tool (Technical Advisor)

Ramesh Tavhare

Finance, Legal & Company Secretary

Letter to Shareholders



Dear Shareholders,

After India going through a turbulent `08 - `09 there was a marked improvement and turnaround in the business scenario in `09 - `10. This is also reflected in the improved performance of your Company. Gross sales increased by 18% during the year under review to Rs.172 crores; EBITDA was higher by 41% at Rs.38 crores and Profit after tax increased by 22% to Rs.16.6 crores over the previous year. Normally, the capital goods sector has a lag effect in demand compared to other sectors in the Economy like automobiles, engineering etc. This improvement is evident in our current year order book.

The interest and depreciation burden has increased due to higher borrowing for capital expenditure to modernize and expand the Company's facilities as well as additional working capital. The benefits of these investments would accrue for many years into the future. The Management is also actively working on reducing the Company's debt by monetizing its real estate in order to drastically trim this interest burden.

The Machine Tool and Engineering segment has continued to grow well despite a severe drop in demand for certain models during part of the year. Your Company has further strengthened its presence in the heavy machine tool sector by supplying to a wider range of public and private sector customers like Railways, BHEL, L&T etc. The Engineering division, which mainly makes components for wind turbines, continues to maintain robust growth. Several new clients have been added in this sector and we are in dialogue with MNCs like GE and Siemens for long term supply contracts to them.

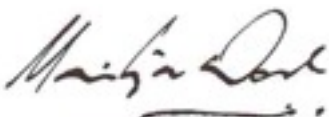
Our five year vision for the Machine Tool business is to achieve further market dominance in our segments and become the industry leader in India. Thereafter we seek a global footprint through overseas acquisitions. In Engineering we want to grow exponentially by adding major clients and product lines.

The Vehicle segment has shown signs of improvement. Your Company has developed a full product range like Ambulance, Tipper, CNG versions etc. around the Roadstar pickup truck platform. It has also tied up vehicle finance with banks and NBFCs to facilitate sales. The dealer network is being expanded progressively and should be nationwide by December 2010.

In December 2009, the Company launched India's first compact diesel SUV called the RiO in the price range of Rs.5.25 – 6.00 lacs. The initial response for the vehicle is very encouraging and the Management is ramping up volumes step by step. This project is in keeping with the Company's long term strategy to be a niche segment player in the auto market minimizing risk by achieving a low break even volume through contained capital investment and reduced outsourcing costs.

I take this opportunity to thank all our stakeholders – employees, business associates and shareholders, for their continued commitment and support and wish them all the very best for 2010-2011.

With regards,

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

Maitreya Doshi
Chairman

Notice

NOTICE is hereby given that the SIXTYFOURTH ANNUAL GENERAL MEETING of the members of Premier Limited will be held on Monday, the 30th August, 2010 at 11.00 a.m. at the Registered Office of the Company at Mumbai-Pune Road, Chinchwad, Pune – 411 019 to transact the following business:

Ordinary Business:

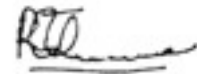
1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date along with the reports of the Auditors and the Board of Directors.
2. To declare dividend for the year ended 31st March, 2010.
3. To appoint a Director, in place of Mr. S. Padmanabhan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director, in place of Mrs. Rohita Doshi 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 an Ordinary Resolution:
"RESOLVED THAT Mr. Dilip Thakkar, 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."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in supersession of the previous resolution passed at the 47th Annual General Meeting of the Company held on 23rd December, 1991 and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, and the applicable provisions of the Articles of Association of the Company, the consent of the Company in General Meeting, be and is hereby accorded to the Board of Directors of the Company, borrowing at any time or from time to time, with or without security and upon such terms and conditions as the Board may think fit, any sum or sums of moneys, which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, provided that the total amount so borrowed by the Company and outstanding shall not at any time exceed Rs.500 crores (Rupees Five Hundred Crores)."

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 27th March, 2010 to 26th March, 2011, on payment of 400 Euros per day as consultancy fees for 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 in 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.”
9. 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 Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and other approvals as may be required and subject to the modifications and terms and conditions as may be prescribed by the Central Government while granting such approvals, the consent of the Company be and is hereby accorded for payment of commission to the Non-Executive Directors of the Company at the rate of Rs.4,50,000/- (Rupees four lakhs fifty thousand only) per director per annum for a period of 3 years commencing from the financial year ending 31st March, 2011.”

By Order of the Board,



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

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

28th April, 2010

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 Saturday, the 21st August, 2010 to Monday, the 30th August, 2010 (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 30th August, 2010 to those Members whose names shall appear on the Company's Register of Members on 20th August, 2010. 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 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
01.04.2008 to 31.03.2009	26-06-2009	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. S. Padmanabhan and Mrs. Rohita Doshi retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Brief resume of all directors including those proposed to be appointed/reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the memberships, chairmanships of Board committees and their shareholding 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.

Explanatory Statement:

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

A brief resume of the Director referred to in Item No.6 is provided in the Report on Corporate Governance forming part of this Annual Report:

Item No.6

Mr. Dilip Thakkar was appointed as an Additional Director of the Company by the Board of Directors on 28th April, 2010. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only upto the date of the ensuing Annual General Meeting.

A notice has been received from a member along with a deposit of Rs.500/- as required under Section 257 of the Companies Act, 1956 proposing Mr. Dilip Thakkar as a candidate for the office of the Director.

Mr. Dilip Thakkar, aged 73, is an eminent Chartered Accountant and Senior Partner of Jayantilal Thakkar & Co. and Jayantilal Thakkar Associates. He has vast knowledge and experience in financial and corporate matters.

The Board is of the opinion that his appointment would be of immense benefit to the Company.

The Board recommends the passing of the Ordinary Resolution as set out in Item No.6 of the accompanied notice.

Mr. Dilip Thakkar, being concerned, is interested in the resolution. None of the other Directors is concerned or interested in the resolution.

Item No.7

At the 47th Annual General Meeting of the Company held on 23rd December, 1991, the Members had authorized the Board of Directors to borrow money for the purpose of the Company from time to time, not exceeding, in the aggregate, Rs.300 crores. The Company has on the anvil various plans to modernize and expand the Company's manufacturing and other activities involving a large outgo of capital expenditure. The resolution would enable the Board of Directors of the Company to raise resources from time to time in the best interest of the Company.

In the circumstances, the sanction of the shareholders under Section 293(1)(d) of the Companies Act, 1956 is being sought for the Board of Directors of the Company borrowing sums of money up to Rs. 500 crores as set out in the said resolution.

The Board recommends the passing of the Ordinary Resolution as set out in Item No.7 of the accompanied notice.

None of the other Directors is concerned or interested in the resolution.

Item No.8

Dr. Udo Weigel has been rendering consultancy services to the Company since September, 2006 and his expert advice and guidance has been immensely beneficial to the Company.

The Board is of the opinion that the advice of Dr. Udo Weigel would continue to be of immense benefit for the Company's future growth.

In view of this, the Board of Directors has reappointed Dr. Udo Weigel, a Director of the Company to provide professional services as Advisor/Consultant to the Company for a period of one year from 27th March, 2010 to 26th March, 2011, on payment of 400 Euros per day of consultancy as consultancy fees 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 in India or outside India for any assignments abroad with authority to the Board of Directors to review, alter or vary the same from time to time. The said appointment is made subject to the approval of the members in the ensuing Annual General Meeting and also subject to seeking of the opinion and approval of the Central Government under Sections 309(1)(b) read with 314(1B) of the Companies Act, 1956.

The Board recommends the passing of the Special Resolution as set out in Item No.8 of the accompanied notice.

Dr. Udo Weigel, being concerned, is interested in the resolution. None of the other Directors is concerned or interested in the resolution.