



**PREMIER LTD.**

**65th Annual Report | 2010-11**

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## Regd. Office & Works

Premier Ltd., Mumbai-Pune Road, Chinchwad, Pune 411019, India.

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

## Corporate Office

58, Nariman Bhavan, 5th Floor, Nariman Point, Mumbai 400021, 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: [mnagaraj@premier.co.in](mailto:mnagaraj@premier.co.in)

### Chennai

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

### Kolkata

2, Ganesh Chandra Avenue  
Commerce House, Room 7 & 7A  
1st Floor, Kolkatta - 700 013  
Tel: +91-33-22192918  
Fax: +91-33-22132953  
Email: [skchatterjee@premier.co.in](mailto:skchatterjee@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: [mcnanda@premier.co.in](mailto:mcnanda@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

Desai & Diwanji  
Kanga & Co.  
AMC Law Firm

## Bankers

State Bank of India  
State Bank of Hyderabad  
Corporation Bank  
J&K Bank

## 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 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 J. Thakkar**

Chartered Accountant

# Senior Management Team

**President**

**M. D. Adhikari**

**Vice Presidents****K. G. Rathi**

Engineering Division

**Rakesh Mehta**

Automotive Division

**D. D. Mulherkar**

Machine Tool Division

**Ramesh Tavhare**

Finance, Legal & Company Secretary

**General Managers****K. S. Sundar**

Sr. GM (Sales & Marketing - Machine Tools)

**M. C. Nanda**

GM (International Machine Division)

**D. S. Totre**

GM (Operations - Machine Tools)

**S. D. Joshi**

GM (Design & Development - Machine Tools)

**A. P. Goel**

GM (Marketing – Automotive)

**V. Murugan**

GM (Vehicle Engineering & Quality – Automotive)

**K. S. Nair**

GM (Finance & Accounts)

# Letter to Shareholders



Dear Shareholders,

Your Company's performance for the year under review has been quite satisfactory as elaborated in the Management Discussion and Analysis Report. Based on this result the Board of Directors felt it appropriate to maintain the dividend at 27%.

Premier has come a long way in the last 5 years. Sales have grown by nearly 329% and operating profits by 496%. Dividends have consistently been paid and increased from 15% to 27% today. This is far removed from the difficult, uncertain and loss period that your Company faced between 1998 and 2005. It is now fair to say that your Company has achieved a strong, sustained resurgence and is poised for robust growth in the next 5 years.

During the past year, the Engineering segment continued to be the mainstay of your Company's sales and profits. We have made significant investments in CNC machine design and development. This has resulted in greatly upgrading our existing product range as well as adding new, high technology machines created entirely in-house. We are also evaluating options to acquire a company in Europe to widen Premier's geographical presence in CNC machines, thereby generating cost saving synergies by manufacturing in India.

The Engineering division that makes several large components for the wind turbine and infrastructure sectors is growing robustly. Started only 3 years ago, this division has already reached an economic activity level of about ₹ 130 crores which we expect will grow to nearly ₹ 500 crores in the next 3 to 5 years. The highly complex nature of its activities results in both strong profit margins and entry barriers for competition.

Last year saw the launch of our new compact SUV called Premier RiO. This has created an entirely new segment in the market and currently has no direct competition. During the course of the year considerable time and effort was invested in fine tuning the product as per customer expectations. In that sense the last year was more of a pilot production phase and we expect to ramp up sales in 2011-12.

The Company has 218 acres of land in Dombivli, near Mumbai. We are in the process of monetizing this asset either through a sale or development.

The management plans to use these financial resources towards growing our core activities; more particularly the Engineering segment. We are hopeful that this should materialize during 2011-12.

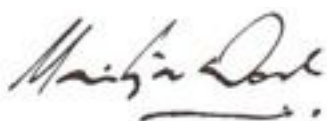
Our relations with the union remain very cordial. During the year, we concluded a 3 year wage settlement in a timely, peaceful and amicable manner. In fact, the union, on its own, has opted to reject any external affiliations preferring to be internally run by our own workers.

Your Company follows a year round training program for all officers and workers. Consequently, we now attract new recruits from the top most educational institutions such as the College of Engineering Pune, etc. The Company, supported by the Promoters' Trust, has an active Corporate Social Responsibility (CSR) program including scholarships for employees' children, tree planting, blood donation drives, eye camps and a variety of other community activities.

The greatest challenges we face in the next couple of years is to progressively reduce the Company's long term debt and interest cost without affecting growth. The other important issue is to raise the Premier RiO's volumes to start achieving profitability and increased turnover in the automotive segment. I see 2011-12 as a year of consolidation while maintaining at least a 20% growth target.

I take this opportunity to thank all our stake holders: shareholders, employees and business associates for their continued commitment and support. I wish them all the very best for the next year.

With regards,

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

Maitreya Doshi  
Chairman

# Notice

NOTICE is hereby given that the SIXTY FIFTH ANNUAL GENERAL MEETING of the members of the Premier Limited will be held on Saturday, the 11th June '11 at 12.00 noon 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 '11 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 '11.
3. To appoint a director, in place of Mr. Rohan Shah who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director, in place of Dr. Udo Weigel who retires by rotation and being eligible, offers himself 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 a Special Resolution:

“RESOLVED THAT pursuant to Sections 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any amendment thereto from time to time, Mr. Maitreya Doshi, be and is hereby reappointed as Managing Director of the Company, for a period of 3 years with effect from 29th March '11 to 28th March '14, on such remuneration as set out in the explanatory statement, with authority to the Board of Directors to alter or vary the same so as not to exceed the limits set out in Sections 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Mr. Maitreya Doshi.

RESOLVED FURTHER THAT the composition of remuneration payable to the Managing Director shall be decided by the Board of Directors from time to time in consultation with Mr. Maitreya Doshi.”

7. 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 ‘11 to 26th March ‘12, on payment of 400 Euros per day as consultancy fees for consultancy/ services rendered in India or abroad alongwith 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.”

By Order of the Board,

**Ramesh Tavhare**

Vice President (Finance & Legal)  
& Company Secretary

**Registered Office:**

Mumbai-Pune Road, Chinchwad, Pune - 411019

21st April ‘11

**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 Wednesday, the 1st June '11 to Saturday, the 11th June '11 (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 11th June '11 to those Members whose names shall appear on the Company's Register of Members on 31st May '11. 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 Agent, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. 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 Agent 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 Agent (Physical and Electronic) at Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, L. B. S. 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 the 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, the Registrar and Transfer Agent or 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 - 400021.

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

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., Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Ltd.,

Exchange Plaza, Bandra-Kurla Complex, Mumbai – 400 051. The listing fees have been paid up-to-date to these Exchanges.

9. Mr. Rohan Shah and Mr. Udo Weigel 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

The Board of Directors, at its meeting held on 17th March '11, has re-appointed Mr. Maitreya Doshi as the Managing Director of the Company for a period of three years from 29th March '11 to 28th March '14, in terms of Section-II(B) of the Schedule-XIII to the Companies Act, 1956.

Mr. Maitreya Doshi, aged 48 years, has an MBA from IMD (Switzerland) and a B.A. (Econ.) from Stanford University, U.S.A. He has been associated with the Company for over 27 years (from 1984), and became the Managing Director in 1995. He has been largely responsible for the strong turnaround of the Company's operations as well as the development of new activities such as heavy engineering, etc. He is also actively involved in organizations such as the Young Presidents' Organization (YPO) and Confederation of Indian Industry (CII).

1) Salary	₹ 36,00,000 per annum
2) Perquisites	₹ 12,00,000 per annum
Perquisites consist of -	
Housing	The Company shall provide furnished accommodation to the Managing Director. In case no accommodation is provided by the Company, he shall be entitled to house rent allowance. He shall also be entitled to house maintenance allowance together with utilities therefore such as gas, electricity, water, furniture, furnishings and repairs.
Medical	Reimbursement of medical expenses incurred for self and family, subject to the ceiling of one month's salary per year.