



**PREMIER LTD.**

68TH ANNUAL REPORT

2013-14

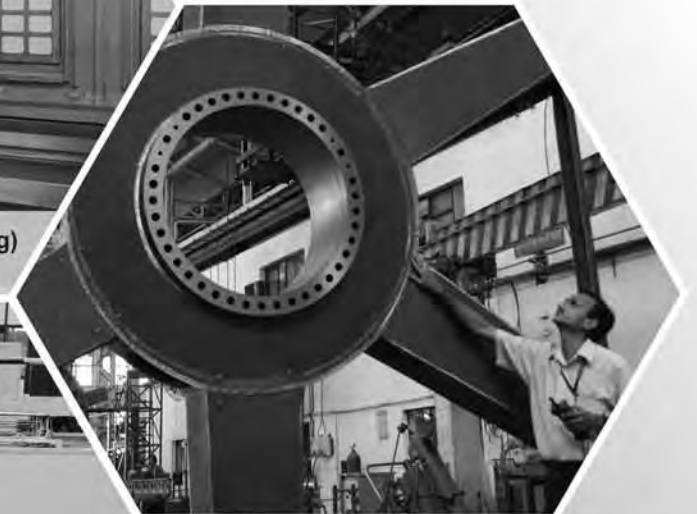
# Engineering



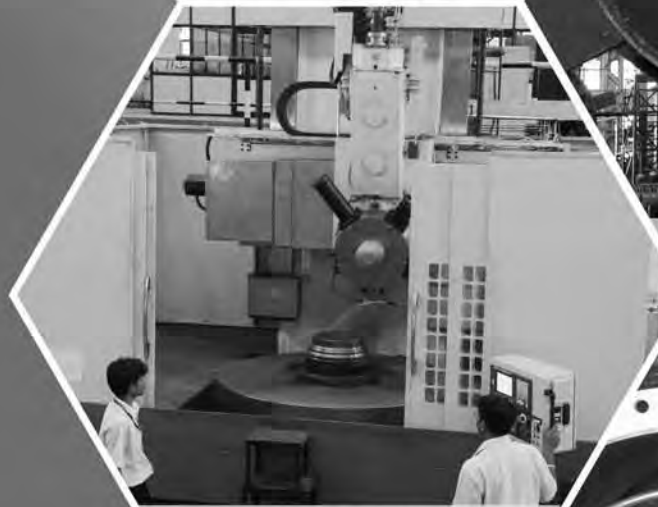
**CNC Machining facility**



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



**Manufacturing of Stator Carrier  
of Wind Turbine parts**



**Trial on the PTB 200 machine  
before dispatch**



**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 :

### Bengaluru

No 549-A, Parallel to 14th Cross  
4th Phase, Peenya Industrial Area  
Bengaluru - 560 058  
Tel: +91-80-28363071

### Chennai

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

### New Delhi

407, 4th Floor, World Trade Centre  
Barkhamba Lane,  
New Delhi - 110 001  
Tel: +91-11-23413331  
Fax: +91-11-23413332

### Kolkata

1st Floor, Commerce House,  
Room No 7 & 7A, 2, Ganesh Chandra  
Avenue, Kolkata - 700 019  
Tel: +91-33-22132953

## 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

## 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

**M. D. Adhikari**

President

**K. G. Rathi**

Vice President  
Engineering Division

**D. S. Totre**

Vice President  
Machines Division

**Ramesh M. Tavhare**

Vice President  
Legal & Corporate Affairs  
and Company Secretary

**Rakesh Mehta**

Vice President  
Automotive Division

**K. S. Nair**

Chief Financial Officer

**R. V. Nair**

General Manager  
Accounts & MIS

**P. G. Salunkhe**

General Manager  
Operations - Engineering

**Erica deSouza**

General Manager  
Chairman's Office  
Head - Corporate  
Communication, CSR &  
Corporate Training

**V. R. Kothari**

General Manager  
Gear Machines  
Business

**S. D. Joshi**

General Manager  
Design &  
Development - Machines

**N. G. Kuntoji**

General Manager  
Commercial -  
Engineering

# Letter to Shareholders



Dear Shareholders,

The macro economic scenario, in India, during the year under review has been very negative: GDP growth has reduced further to less than 5% p.a. Interest rates have remained high to tame inflation; this has directly impacted investment related sectors such as capital goods, heavy engineering and automobiles.

Your Company continues to remain affected by this industrial slow down that are reflected in the results for the year. However, despite this grim scenario some positive signs are beginning to emerge and I expect that the current year should see a return to normalcy in our business.

In the Engineering segment, the CNC Machine Division is beginning to see some improvement in order book, particularly from non automotive sectors. The Management is making concerted marketing efforts to widen the customer base and induct new, first - time buyers, as well as hold on to long standing clients of our products. The Rupee devaluation has provided some opportunities, in terms of competitiveness versus imports.

The Heavy Engineering Division, that significantly depends on the wind energy sector had faced a large drop in demand last year due to policy uncertainties by the Government pertaining to this sector. Much of this has been rectified and the order in flow is showing improvement on a month to month basis. This division is not affected by currency fluctuation. The Management is making strenuous efforts to widen the product portfolio in order to lessen dependence on wind energy.

We have developed relationships with Bharat Dynamics Ltd. for their missile project, BHEL for their Metro Rail Bogie project, Indian Railways for Wheel and Axle supply, Siemens for equipment related to the power sector and Sandvik for Infrastructure equipment components. I am confident that in the next 3 years, this Division's product portfolio will deepen and widen considerably, mitigating any single sector risk.

Your Company's auto project got a huge set back due to the currency devaluation and as of now progress is largely on hold, barring routine sales. Once the economy starts improving or the adverse exchange rate environment improves, the Management will start reviewing future plans in this segment.

I would like to thank all the Company stakeholders for their unstinted supported during this difficult time, particularly the Management, workers, suppliers, dealers , bankers etc. I am confident that with all their support and cooperation the current year will show considerable improvement on all parameters of the Company's performance.

With regards,

A handwritten signature in black ink, appearing to read 'Maitreya V. Doshi'.

Maitreya V. Doshi  
Chairman

Date : 7<sup>th</sup> May 2014

# Directors' Report

To The Members

Your directors are pleased to present the 68th Annual Report and the audited accounts for the financial year ended 31st March, 2014.

## 1. Financial Results

The financial performance of the Company for the financial year ended 31st March, 2014, is summarized below:

	(₹ Lakhs)	
	2013-14	2012-13
Profit before Depreciation, Interest & Tax	9358.62	20903.22
Less: Interest	6618.49	5176.11
Depreciation	3274.60	1564.15
<b>Profit before Tax</b>	<b>(534.47)</b>	<b>14162.96</b>
Less: Provision for Current Taxation	0.00	2840.57
Deferred Tax	(3049.37)	2557.70
<b>Profit after tax</b>	<b>2514.90</b>	<b>8764.69</b>
Add: Balance in Profit and Loss Account	8480.19	3086.48
<b>Amount Available for Appropriation</b>	<b>10995.09</b>	<b>11851.17</b>
<b>Appropriations:</b>		
Dividend on Equity Shares	911.18	2126.08
Tax on dividend	154.85	344.90
General Reserve	300.00	900.00
Balance carried to Balance Sheet	9629.06	8480.19

During the year under review, the Company has achieved gross sales of ₹ 205 crores. The profit before depreciation, interest and tax was ₹ 93.59 (₹ 209.03 crores in the previous year which included gain on monetization of land after certain liabilities).

## 2. Dividend :

The Directors recommend the dividend at 30% (i.e. ₹ 3 per share) on equity shares for the year ended on 31st March, 2014. The total outgo on dividend would be ₹ 10.66 crores including dividend distribution tax. The payment of dividend will be subject to the approval of the shareholders at the ensuing annual general meeting.

## 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 Annual Report.

## 5. Company's Land at Dombivali :

As members are aware, the Company monetized about 150 acres of land in the previous year, out of 218 acres of the Company's land at Dombivali. Apart from this, during the year under review, the Indian Railways acquired about 17 acres of the Company's land at Dombivali for the Dedicated Freight Corridor Project. The Company received a compensation of Rs.64.13 crores against this compulsory acquisition.

## 6. Directors :

Mr. Maitreya V. Doshi was re-appointed as Managing Director of the Company for a period of 3 years from 29.3.2014 to 28.3.2017, with a requisite approval from the members of the Company by Postal Ballot on 26.3.2014.

In terms of the Companies Act, 2013 and the relevant Rules thereunder, the Board appointed Mr. S. Padmanabhan, Mr. Asit D. Javeri, Dr. Udo Weigel, Mrs. Kavita Khanna, Mr. Dilip J. Thakkar, Mr. Ramesh Adige and Mr. Shailesh S. Vaidya as independent directors for a term of 5 years, not liable to retire by rotation.

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.

#### **7. Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956**

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 covered under this Report and of the profit 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, 1956, 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.

In terms of the requirement of Accounting Standards, segment-wise results are shown in the notes to accounts

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

The details as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are provided in the annexure to the Directors' Report.

#### **9. Fixed Deposits :**

The Company has accepted the fixed deposits from public and shareholders during the year and has complied with all the regulatory requirements. At the end of the year, there were no unpaid or overdue deposits, except that there were unclaimed deposits of ₹ 27.95 lakhs.

#### **10. Particulars of Employees :**

In term of notification dated 31-03-2011 issued by the Ministry of Corporate Affairs, Government of India, there are no employees covered under section 217(2A) of the Companies Act, 1956, in respect of whom, the particulars are required to be given.

#### **11. 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.

#### **12. Cost Audit :**

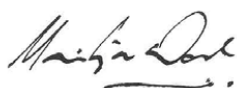
The Central Government, vide order dated 24th January, 2012 has prescribed cost audit for a number of industries, including engineering, machinery and motor vehicles, with effect from the financial year 2012-13. Accordingly the Board has appointed ABK & Associates, Cost Accountants (Regn. No. 000036) with the prior approval of the Central Government, to conduct audit of cost records for the Company's engineering, machinery and motor vehicles activities for the financial year 2013-14.

The Cost Audit Report for the year 2013-14 would be filed with the Central Government within the prescribed time of 180 days from the close of the financial 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 V. Doshi**

Chairman & Managing Director

Date : 7<sup>th</sup> May 2014

Place : Mumbai

## Annexure to Directors' Report

### Conservation of energy

In view of acute energy shortages, the Company has taken special efforts for energy conservation. For this purpose, the power factor is continuously monitored and maintained to 1.00 (Unity) power on daily basis. 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. Street light timers have been adjusted as per day light.

A team was formed to monitor power consumption on non-working days like Saturday, Sunday and Diwali holidays. During this period it was observed that the capacitor installed in bay no. 8 & 9 is consuming more power. Immediately, this was replaced with a new capacitor which has resulted in a saving of 300 KWH per day.

### Expenditure on R&D

( ₹ Lakhs)

Particulars	2013-14	2012-13
Expenditure on R&D	280.00	360.00

### Foreign exchange earnings and outgo

( ₹ Lakhs)

Particulars	2013-14	2012-13
<b>Foreign Exchange Earnings:</b>		
FOB Value of Exports	339.64	227.69
<b>Foreign Exchange Outgo:</b>		
Imports (CIF value)	1109.78	2851.57
Foreign Travel	19.86	15.73
Others	13.64	2.25
<b>Total</b>	<b>1143.28</b>	<b>2869.55</b>

### Technology absorption

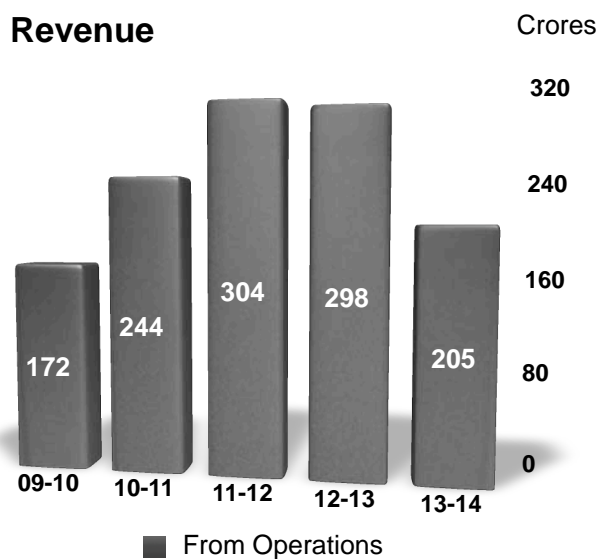
To cater to the need of automobile and engineering industries, following new products were introduced by us in-house :

- Gear hobbing machines developed with Siemens CNC 828D
- Machine specifications enhanced to accommodate bigger length shaft type components
- Special purpose machines developed for Notch milling
- Compact gear shaver developed for the first time in India

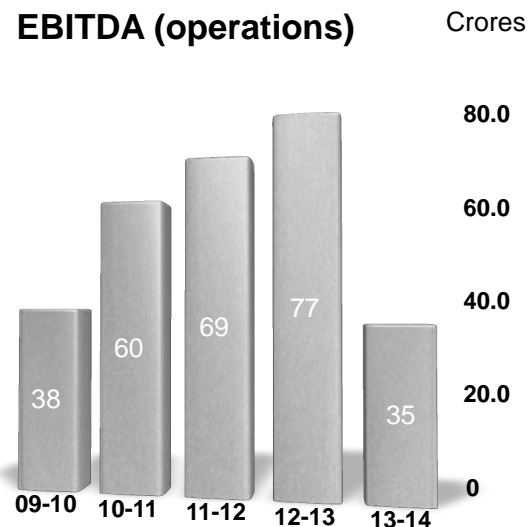


# Highlights

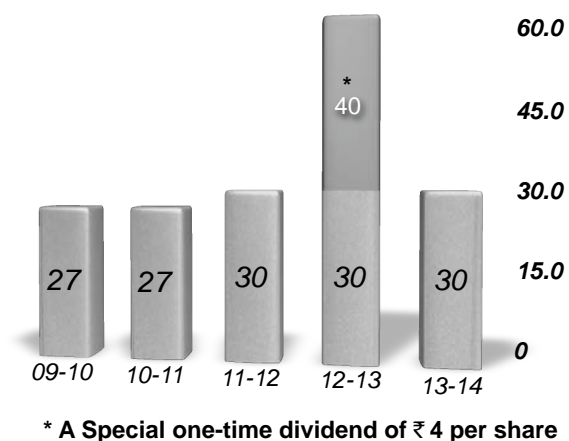
## Revenue



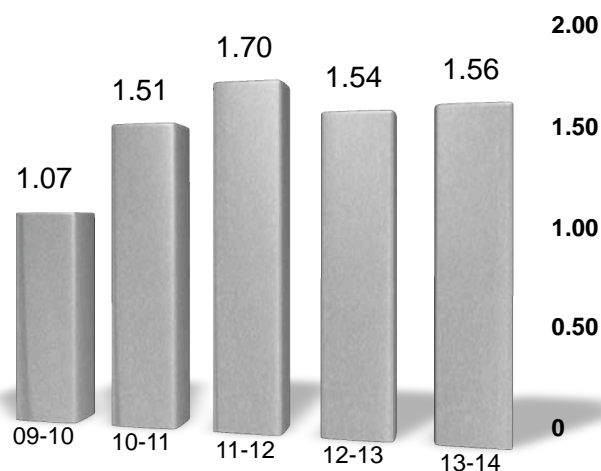
## EBITDA (operations)



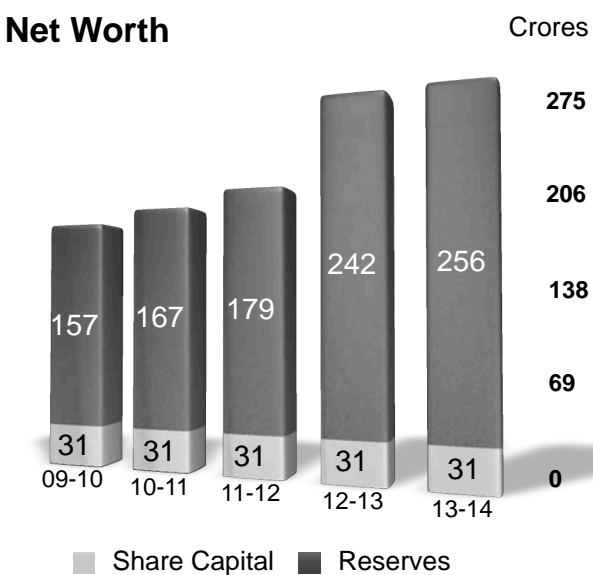
## Dividend (%)



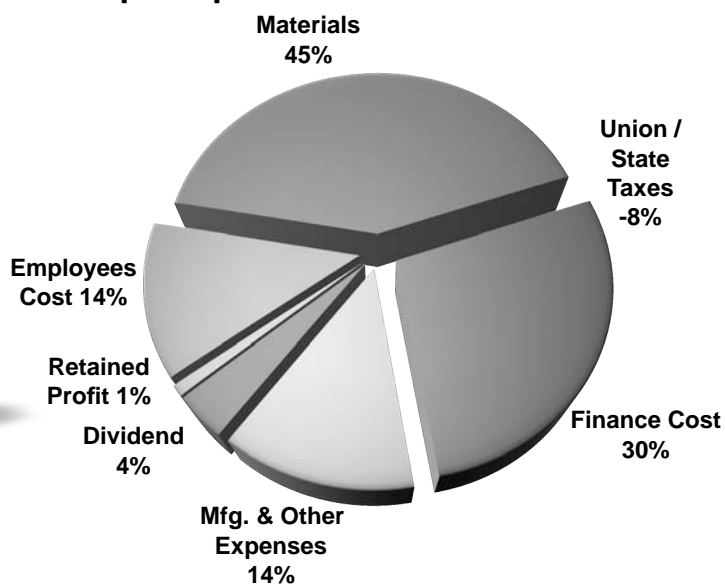
## Debt Equity Ratio



## Net Worth



## Rupee Spent



# Management Discussion & Analysis Report



Premier's plant at Chinchwad, Pune

## Financial Review

The Company achieved gross sales of ₹205 crores in 2013-14 as against ₹298 crores in the previous year. The business operations of the Company were adversely affected due to slowdown in the economy, thereby affecting the capital goods sector and auto sector in which we operate.

The profit from operations before depreciation, amortization expense, interest and tax, was ₹93.58 crores (including a gain ₹58.46 crores out of compensation received from Indian Railways against compulsory acquisition of the Company's land) against ₹209.03 crores in the previous year. The previous year's profit included net gain of ₹132 crores on sale of the Company's land.

The Company's unvalued net worth as on 31st March, 2014, is ₹287 crores and the total debt is ₹448 crores. The debt-equity ratio is 1.56:1. If the revaluation of the Company's land is considered, the net worth is ₹499 crores and the debt-equity ratio on this basis is 0.90:1.

During the year, the Company incurred a capital investment of ₹62 crores towards factory buildings, plant & machinery and product development. Most of the Company's current capital investment plans have already been completed.

## Segment Review

The Company operates in two reportable segments: Engineering and Automotive. The Engineering segment has two activities: CNC Machines and Engineering. The Automotive segment consists of Light Commercial and Sports Utility Vehicles.



CNC Vertical Machining Centres under testing