

**PREMIER LTD.**

70TH ANNUAL REPORT

2015-16

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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

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  
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. Rathi**  
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  
Material, H.R &  
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. G. Kuntoji**  
General Manager  
Commercial -  
Engineering

**V. R. Kothari**  
General Manager  
Gear Machines  
Business

# Directors' Report

To The Members

Your directors present herewith the 70<sup>th</sup> Annual Report and the audited accounts for the financial year ended 31<sup>st</sup> March, 2016.

## 1. Financial Results

The financial performance of the Company for the financial year ended 31st March, 2016, is summarized below:

	(₹ Cr.)	
Particulars	2015-16	2014-15
Profit/(Loss) before Depreciation, Interest & Tax	(10.34)	33.06
Less: Interest	57.02	61.72
Depreciation and Amortization	31.58	40.65
<b>Profit/(Loss) before exceptional items and Tax</b>	<b>(98.94)</b>	<b>(69.31)</b>
Less: Exceptional Items Net : Income / (Expenditure)	73.75	(3.90)
<b>Profit before tax / (Loss)</b>	<b>(25.19)</b>	<b>(73.21)</b>
Less: Provision for Current Taxation	0.00	0.00
Add: Deferred Tax Credit	0.00	27.38
<b>Profit after tax / (Loss)</b>	<b>(25.19)</b>	<b>(45.83)</b>
Add: Balance in Profit and Loss Account	50.46	96.29
<b>Amount Available for Appropriation</b>	<b>25.27</b>	<b>50.46</b>
<b>Appropriations:</b>		
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	25.27	50.46

During the year under review, the Company has achieved Net sales of Rs. 99.96 Cr (Rs.166.23 Cr. in the previous year). The Company incurred loss of Rs. 10.34 Cr before before depreciation, interest and tax as against profit of Rs. 33.06 Cr in the previous year. The year under review had been extremely difficult on account of paucity of working capital, labour absenteeism and slower off-take by customers, particularly from windmill sector. The business situation for capital goods industry was adverse during the year.

The Company has undertaken various measures to rectify the situation, including change in product-mix. The company has already received orders for Metro bogie chassis from Hyundai, Alstom and BEML. The execution of these orders has already commenced from the current financial year.

## 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 31.3.2016. 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 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 31.03.2016, have been disclosed in Para-7 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 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, 2016, 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 31.3.2016, 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, 2016, are given below:

Name of the employee	Mr. Maitreya V. Doshi
Designation of employee	Chairman & Managing Director
Remuneration received	Rs. 97 Lacs
Nature of employment	Contractual
Date of commencement of employment	16.12.1985
Qualification of the employee	MBA, BA(Eco)
Experience of the employee	31 years
Age of the employee	53 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 2016-17, 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:

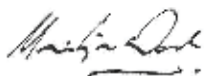
- (i) The Company has in place adequate internal financial controls with reference to financial statements and such controls are adequate and are operating effectively.
- (ii) The extract of the Annual Return made as on 31.3.2016 under Section 92(3) of the Companies Act, 2013, in Form MGT-9, is given 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 10.77 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 V. Doshi**

Chairman & Managing Director

Date : 20<sup>th</sup> May, 2016

Place : Mumbai

## Annexure I to the Directors

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. 14.87 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..
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 approx.Rs. 10 lacs.
  - c. Light pipe - Utilisation 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. 35000/-

### 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. Guideways 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.

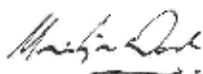
4. Expenditure incurred on Research & Development - Rs. 200 lacs

**C) Foreign exchange earnings and outgo**

(₹ Lakhs)

Particulars	2015-16	2014-15
<b>Foreign Exchange Earnings:</b>		
FOB Value of Exports	671.26	357.04
<b>Foreign Exchange Outgo:</b>		
Imports (CIF value)	216.98	190.72
Foreign Travel	28.43	11.09
Others	0.00	0.00
<b>Total</b>	<b>916.67</b>	<b>201.81</b>

On behalf of the Board of Directors



**Maitreya V. Doshi**

Chairman & Managing Director

Date : 20<sup>th</sup> May, 2016

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

Sr. No.			2014 -15 (₹ in lakhs)	2015-16 (₹ in lakhs)	
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		3.34	
		Mr. Maitreya V. Doshi, CMD		97.00	29.04 times
		Mr. S. Padmanabhan		2.10	0.63 "
		Mr. Asit Javeri		2.10	0.63 "
		Dr. Udo Weigel		1.05	0.31 "
		Mrs. Rohita M. Doshi		0.35	0.10 "
		Mrs. Kavita Khanna		1.05	0.31 "
		Mr. Dilip J. Thakkar		2.10	0.63 "
		Mr. Ramesh Adige		2.10	0.63 "
		Mr. Shailesh S. Vaidya		1.05	0.31 "
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 V. Doshi, CMD	136.43	97.00	-29%
		Mr. S. Padmanabhan	3.85	2.10	-45%
		Mr. Asit Javeri	4.90	2.10	-57%
		Dr. Udo Weigel	2.10	1.05	-50%
		Mrs. Rohita M. Doshi	1.40	0.35	-75%
		Mrs. Kavita Khanna	2.10	1.05	-50%
		Mr. Dilip J. Thakkar	2.80	2.10	-25%
		Mr. Ramesh Adige	2.80	2.10	-25%
		Mr. Shailesh S. Vaidya	1.40	1.05	-25%
		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		3.10	3.34	8%
4	Number of permanent employees on the rolls of the Company		585	562	