



**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.

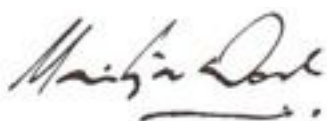
Our relations with the union remain very cordial. During the year, we concluded a 3 year wage settlement in a timely, peaceful and amicable manner. In fact, the union, on its own, has opted to reject any external affiliations preferring to be internally run by our own workers.

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.

Leave travel	For self and family once in a year, as per rules of the Company
Club fees	Fees of two clubs.
Medical Accident Insurance	Hospitalization and Domiciliary Hospitalization Benefit Policy and Personal Accident Insurance

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules.

‘Family’ means the spouse, dependent children and dependent parents.

- 3) In addition to above perquisites, Managing Director shall also be entitled to the following benefits. These benefits will not be included in the computation of ceiling on perquisites:

Company’s contribution towards Provident Fund and Superannuation or Annuity Fund	As per rules of the Company.
Gratuity	Gratuity at a rate not exceeding half a months’ salary for each completed year of service.
Encashment of leave	Leave accumulated but not availed of during the tenure, will be allowed to be encashed.

- 4) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration, perquisites and the benefits mentioned above.
- 5) He shall also be entitled to reimbursement of expenses including entertainment expenses actually incurred by him for the business of the Company and expenses for travelling, boarding and lodging including for spouse during business trips, provision of car for use on the Company’s business and expenses on telephone at residence used for Company’s work and the same shall not be considered as perquisites.
- 6) He shall not be liable to retire by rotation.

The proposed re-appointment of Mr. Maitreya Doshi as a Chairman and Managing Director of the Company has been approved by the Remuneration Committee of the Board and the Board of Directors at the meetings held on 17th March ‘11.

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

Mr. Maitreya Doshi, being concerned, is interested in the resolution. Mrs. Rohita M. Doshi being a relative of Mr. Maitreya Doshi may be regarded as concerned or interested in the resolution. None of the other Directors are concerned or interested in the resolution.

The Abstract as required under Section 302(1) of the Companies Act, 1956 has already been circulated to the members.

**The information as required under Section II(B) of Part II of Schedule XIII to the Companies Act, 1956 is given below:**

## **I. General Information**

The Company's business operations are divided into engineering and automobile segments. The Company has been a pioneer in the automobile business in India. The CNC Machine business at Chinchwad, Pune is in operation since 1961.

The Company returned to the automobile business in 2005 by launching its light commercial and multi-utility vehicle from its Chinchwad plant. The Company has recently introduced compact SUV – Premier RiO.

The financial performance of the Company for the last 3 years is given below:

	₹ (Lakhs)		
<b>Sales</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Sales	24411.91	17168.95	14561.71
Net Profit from operations	1844.70	1662.94	1360.98
Share Capital	3039.95	3039.95	3039.95
Net Worth	19719.26	18830.82	18127.31
Dividend %	27	27	25
Foreign Exchange Earnings	70.85	55.94	204.37
Foreign Exchange Outgo	3511.08	1424.04	2189.96

## **II. Information about appointee**

The required details relating to Mr. Maitreya Doshi have been given in the Explanatory Statement to Item No.6 of the Notice to the ensuing Annual General Meeting and in the report on Corporate Governance.

The job profile of Mr. Maitreya Doshi as Managing Director includes such functions, powers and duties as determined by the Board of Directors of the Company from time to time. Subject to the superintendence, control and direction of the Board, the Managing Director has the general control and is responsible for overall operations of the Company with powers to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things which in the ordinary course of such business he may consider necessary or proper in the best interests of the Company.

The Managing Director reports to the Board and is responsible for all his actions to the Board.

The proposed remuneration is in accordance with Schedule XIII to the Companies Act, 1956 and hence the comparative remuneration profile with respective industry

may not be possible. The remuneration package in the industry may be higher than what is proposed to be paid by the Company to Mr. Maitreya Doshi.

The necessary disclosures with regard to pecuniary relationships of Managing Director with the Company, if any, have been given in this Annual Report.

### **III. Other Information**

The proposed remuneration to Mr. Maitreya Doshi is in terms of the Schedule-XIII to the Companies Act, 1956.

The Company has achieved a financial turnaround in 2003-04 and since then, the operations have improved dramatically. Although the Company has been reporting good profits for the last 7 years, there are carry forward losses as computed under the provisions of the Companies Act, 1956, due to exclusion of certain items of profit in the past while computing the net profit under the Companies Act, 1956.

The financial turnaround has been achieved by the Company under the leadership of Mr. Maitreya Doshi.

The Company reported sales of ₹ 244.12 crores in the financial year 2010-11 as against sales of ₹ 145.62 crores in the year 2008-09. The net profit from operations has increased from ₹ 13.61 crores in 2008-09 to ₹ 18.45 crores in 2010-11. The trend of this growth is expected to be continued in future.

### **IV. Disclosures**

Disclosures as required under Schedule XIII to the Companies Act, 1956 have been given in the Corporate Governance Report forming part of this Annual Report.

#### **Item No.7**

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 '11 to 26th March '12, 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(1)(b) of the Companies Act, 1956.

The Board recommends the passing of the Special Resolution as set out in Item No 7 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.

By Order of the Board,

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

**Registered Office:**  
Mumbai-Pune Road, Chinchwad, Pune - 411019  
21st April '11

# Directors' Report

To The Members

Your directors are pleased to present the 65th Annual Report and the audited accounts for the financial year ended 31st March '11.

## 1. Financial Results

The financial performance of the Company for the financial year ended 31st March '11, is summarized below:

	₹ (Lakhs)	
	2010-11	2009-10
Profit (from operations) before Depreciation, Interest & Tax	6040.38	3812.53
Less: Interest	2506.96	1099.81
Depreciation	1167.63	632.19
<b>Profit (from operations) before Tax</b>	<b>2365.79</b>	<b>2080.53</b>
Less: Provision for Current Taxation	521.09	417.59
<b>Profit after tax</b>	<b>1844.70</b>	<b>1662.94</b>
Add: Balance in Profit and Loss Account	1423.19	894.68
<b>Amount Available for Appropriation</b>	<b>3267.89</b>	<b>2557.62</b>
<b>Appropriations:</b>		
Dividend on Equity Shares	820.06	820.06
Tax on dividend	136.20	139.37
General Reserve	200.00	175.00
Balance carried to Balance Sheet	2111.63	1423.19

During the year under review, the Company has shown a rise of 42% in gross sales to ₹ 244 crores. The profit before depreciation, interest and tax has gone up by 58% to ₹ 60.40 crores from ₹ 38.13 crores in the previous year.

## 2. Dividend

The Directors recommend the dividend at 27% (i.e. ₹ 2.70 per share) on equity shares for the year ended on 31st March '11. 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. Directors**

Mr. Rohan Shah and Dr. Udo Weigel retire by rotation in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for reappointment.

### **6. 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.

### **7. 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.



## 8. Fixed Deposits

The Company has accepted the fixed deposits by filing a statement in lieu of advertisement under Section 58A of the Companies Act, 1956 and has complied with all the regulatory requirements

At the end of the year, there were no unclaimed/overdue deposits.

## 9. Particulars of Employees

In terms 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.

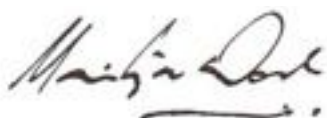
## 10. Auditors

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 Section 224(1) of the Companies Act, 1956, furnished the certificate of their eligibility for reappointment. Requisite resolution is being placed for the shareholders' approval.

## 11. Acknowledgement

The Directors wish to express their appreciation of the continued co-operation of the customers, suppliers and bankers. The Directors also wish to thank employees at all levels for their contribution, support and continued co-operation throughout the year.

On behalf of the Board of Directors



**Maitreya Doshi**

Chairman & Managing Director

21st April '11

Mumbai

## Annexure to Directors' Report

### Conservation of energy

In view of acute energy shortages, the Company has taken special efforts for energy conservation. The power factor is continuously monitored and maintained to 1.00 (Unit) power on daily basis. The Company has done clubbing of air compressors by connecting compressors in grid, which has resulted in saving of 22000 KWH per month. Installation of 5 star rated energy efficient air conditioners in the offices has resulted in saving of substantial energy. The Company has also taken special efforts for energy conservation by adopting energy efficient lighting and has fitted new energy saving T5 lights in the plant. Transparent sheets are installed in the roof area of the vehicle assembly line which provides sufficient natural lighting on the shop-floor during day-time, thereby reducing power consumption.

Employee awareness was created on how to use electrical energy efficiently by adopting good shop-floor practices. An automatic switching system was installed to avoid over consumption of street light power. A manual change over switch was installed for CNC lathe machines, which helped reduced diesel generator power consumption.

### Expenditure on R&D

₹ (Lakhs)

Particulars	2010-11	2009-10
Recurring expenses on R&D project	15.67	16.33
Total R&D expenditure as a % of total turnover	0.06	0.10

The Company has developed a special welding process for the welding stator carrier hub for wind mills. Also, gas, tungsten and arc welding procedures have been developed, which considerably reduced welding time and consumables.

### Foreign exchange earnings and outgo

₹ (Lakhs)

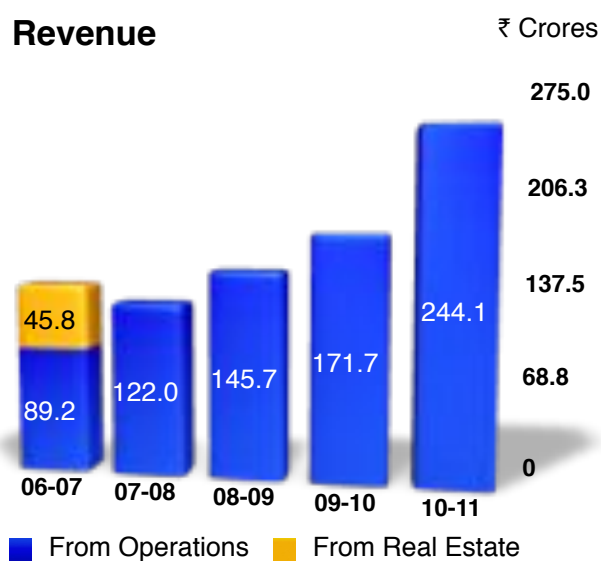
Particulars	2010-11	2009-10
Foreign Exchange Earnings:		
FOB Value of Exports	70.85	55.94
Foreign Exchange Outgo:		
Imports (CIF value)	3475.17	1361.08
Foreign Travel	20.45	31.22
Others	15.46	31.74
<b>Total</b>	<b>3511.08</b>	<b>1424.04</b>

### Technology absorption

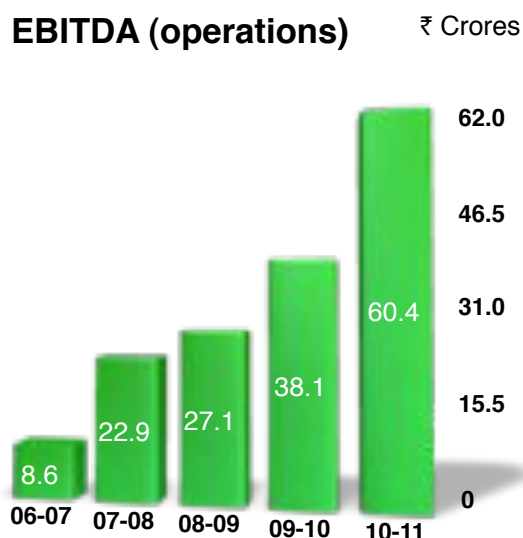
A 5-Axis CNC Gear Hobbing Machine and a High Productive Vertical Machining Center have been introduced to cater to the need of automobile and engineering industries.

# Highlights

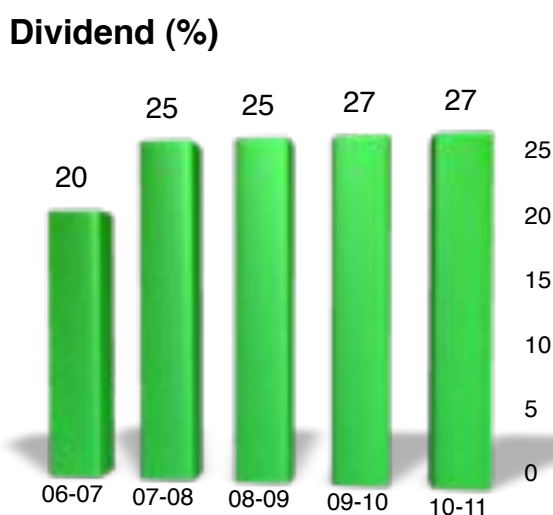
## Revenue



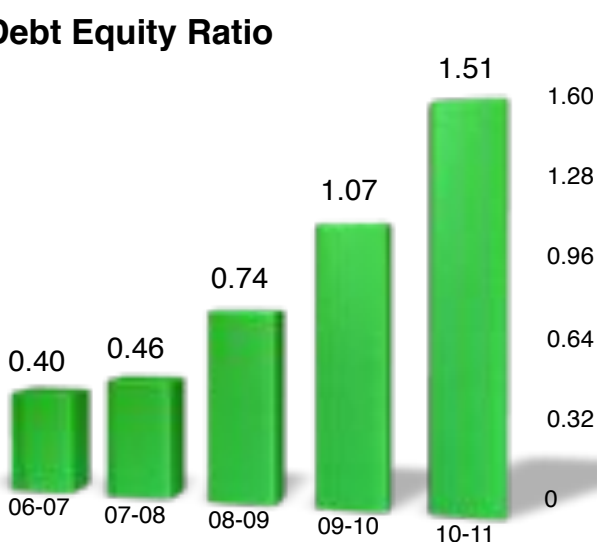
## EBITDA (operations)



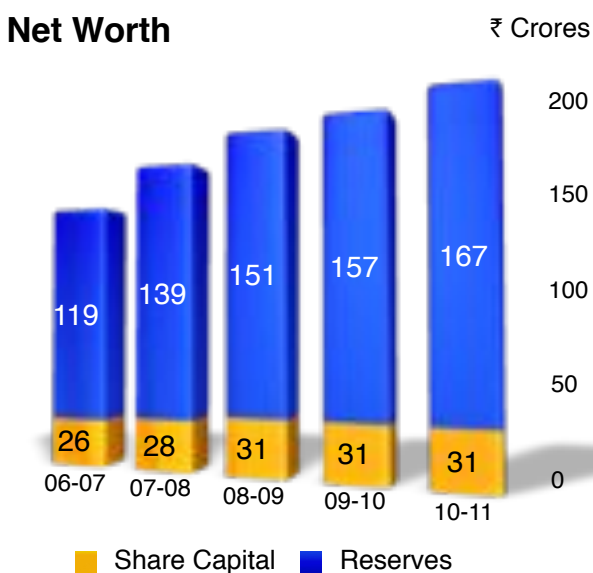
## Dividend (%)



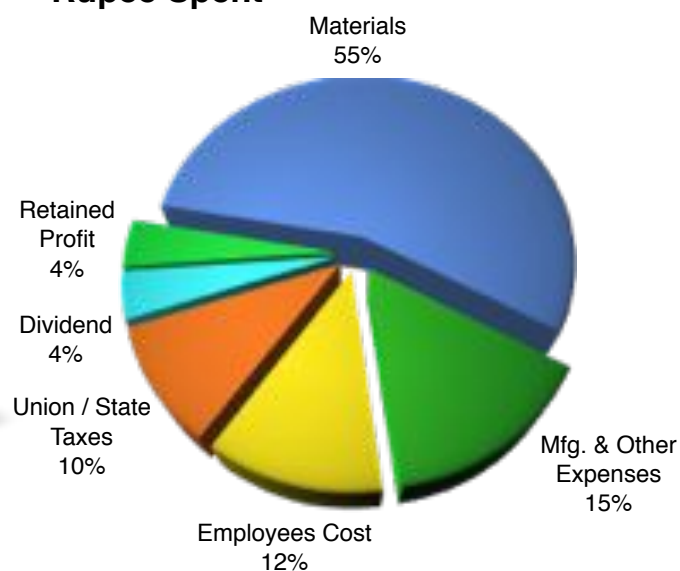
## Debt Equity Ratio



## Net Worth



## Rupee Spent



# Management Discussion & Analysis Report



Premier's plant at Chinchwad, Pune

## Financial Review

### Sales Growth

In 2010-11, the Company reported gross sales of ₹ 244 crores, an increase of 42% over the previous year. The rate of growth is expected to be maintained in the coming year due to improved business conditions and better operating efficiency.

### Profit & Margin Growth

The profit from operations before depreciation, interest and tax was ₹ 60.40 crores against ₹ 38.13 crores over the previous year; a healthy growth of 58%. The cash profit was ₹ 35.33 crores against ₹ 27.13 crores and the net profit was ₹ 18.45 crores compared to ₹ 16.63 crores. This profit growth is expected to be maintained in the future.

### Costs

The interest cost has increased from ₹ 11 crores to ₹ 25 crores, mainly due to increased borrowings to finance capital expenditure and working capital requirements. Other expenses were generally in line with increased operations.

### Leverage & Liquidity

The Company's unvalued networth on 31st March '11 is ₹ 197 crores and the total debt is ₹ 297 crores. The debt-equity ratio is 1:51:1. Most of the Company's current investment plans have already been completed. Therefore, we do not foresee a substantial increase in borrowing during the next year.

### Capital Expenditure

During the year, the Company incurred a capital investment of ₹ 81 crores towards factory buildings, plant & machinery and product development.

## Segment Review

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

### Engineering Segment



Vertical machining centres under testing

#### A) CNC Machine Tool Business

##### Industry Structure & Outlook

The Auto and Auto Ancillary sectors saw robust growth during the year, that is likely to continue during year 2011-2012. The Infrastructure sector is also on a steady growth path.

Although the Railways are facing a challenge of declining revenues, there are new locomotive and coach projects that will receive priority fund allocation. The Defense sector is focusing on expanding some of its ordinance factories like HVF, Avadi, O.F. Medak, GCF, Jabalpur, V.F. Jabalpur etc.

In view of good business potential, many global players are targeting the Indian market with the objective of entering into joint manufacturing agreements with Indian partners to make their products price competitive.

##### Operations

During the year the division sold 110 CNC machines as against 79 machines from the previous year; a growth of 39%. The Company has received large orders from prestigious customers like BHEL, Brahmos, Koso, Dayco, Eaton etc.



3 Axes CNC Gear Shaping Machine



In Jan '11, Premier participated in IMTEX 2011: a major International Machine Tool Exhibition, at Bangalore, and received a very encouraging response. One of its new products, developed entirely "in-house": a CNC High Speed Gear Shaper with electronic helical path generation received the FIE Foundation Award in the 'Technologically Innovative Product' category.



**Premier's participation at IMTEX 2011**

Several initiatives were taken to improve casting quality, which is a key bottleneck. The time taken to supply quality components for assembly showed remarkable progress as a result of vendor development initiatives.

Conscious efforts of "in house" productivity improvement through proper planning, industrial engineering activities, manpower development, and training resulted in an improvement of "through put" time.



**New Design and Technology centre inaugurated at Bengaluru**

The Company's new design and technology centre at Bengaluru is now fully operational and has already started delivering new machining centre and Special Purpose Machine designs for manufacture and sale. State-of-the-art Technology Service Centers are now fully functional at Pune, Gurgaon and Bengaluru providing customer sales and service support. Provisions for adequate recruitment of sales and service personnel have been made during the year for better reach as well as prompt customer service at these locations.



**Premier's CNC High Speed Gear Shaper (PSC 250) wins the FIE Foundation Award at IMTEX 2011**

Given the growing potential of the machine tool industry, the Company has formed a separate Agency Sales team. This team will focus on selling imported machines (not in its product range) to Indian customers, thereby leveraging its marketing channels with negligible additional investment. At present, it has the following business partners for its agency business:

- **IMT, Italy** : Manufactures various types of Cylindrical Grinders, Internal Grinders, Vertical Grinders, Surface Grinders, Centerless Grinders etc.
- **Rafamet, Poland** : Manufactures Surface Wheel Lathes and Under Floor Wheel Lathes for the Railways.
- **Colgar, Italy** : Manufactures large Horizontal Boring Machines and Gantry type Planomillers.
- **MCM, Italy** : Manufactures heavy duty lathes required by the power sector and other heavy industries.

## Product Development

The following new products (also existing products with new features) were developed during the year and displayed at IMTEX 2011. These are now being offered to customers:

- CNC High Speed Gear Hobber with direct drives and dry cutting option. This is a highly productive, environment friendly product introduced for the Auto and Auto Ancillary Market.
- CNC High Speed Gear Shaper with direct drives and electronic helical path generation. This feature eliminates the need for costly helical guides thereby substantially benefiting the customer in terms of cost and set up time.
- CNC Gear Shaver. This is an import substitute for Indian customers who prefer the more economical gear shaving route for gear finishing.
- CNC Gear Hobber 400mm diameter table. This is an additional model with improved features for heavy duty component hobbing.
- CNC Vertical Machining Centre. This is suitable for special application of die and mould machining. We have also developed a bigger model in this range.
- CNC Vertical Turning Centre with 'C' axis and live tool. This is a ram type machine, suitable for turning, milling and drilling applications.
- CNC Vertical Turning Centre with machining centre cum turning centre concept. It is suitable for turning, milling and drilling.
- CNC Vertical Turning Centre with 'C' axis and live tool. This is suitable for smaller auto component turning, milling and drilling.

Apart from the above developments, value engineering is an on-going process to reduce cost, improve profitability and the competitiveness of our machine range.



**6 Axes CNC  
Gear Hobbing Machine**



**3 Axes CNC Gear Shaving Machine**



**3 Axes CNC  
Gear Hobbing Machine**

### **Business Strategy**

- Ramp up Gear Cutting Machines production and sales to take advantage of the buoyant Auto and Auto Ancillary market.
- Make Vertical Turning Machines price competitive and increase volumes.
- Focus on expanding the Special Purpose Machine business.
- Design and develop several new CNC machining centers models to give a wider choice to customers.
- Explore global markets.

### **Quality**

This division has been ISO 9001 certified for its Quality Management System since 1993. The Quality Management System has been regularly upgraded in line with revised ISO standards.

### **Opportunities**

- Continued robust growth in Auto and Auto Ancillary sectors.
- New Railway and Defence projects.
- Global players looking for a manufacturing base in India.

### **Threats, Risks and Concerns**

- Used machines are being imported on account of delivery time pressure.
- Sluggish export market causing international players to dispose of their machines in India.
- Railways likely to reduce their capital expenditure.
- Major fluctuation in the cost of raw materials and longer deliveries from component suppliers affecting production.



**CNC Vertical Machining Centre**



**CNC Vertical Turning Lathe**



**CNC Vertical Turning Centre**



## B) Engineering Business



**Rotor housing and supporting structure for 1.5 MW Wind Turbine**

### Industry Structure & Outlook

This business serves the general engineering, automotive and wind mill sectors. There is a good scope for rapid growth in light of the Government's current thrust on sustainable energy.

### Operations

The Engineering division mainly makes and supplies wind mill components for various customers like Enercon India and ReGen Powertech. This business has also developed Metro Rail chassis for BEML. In 2010-11, this division achieved a 100% rise in turnover. However, its total economic activity is not fully reflected in the turnover as a substantial amount of sale is done on a "value added only" basis i.e. material provided by the customer.

The Company commenced supplies to ReGen Powertech for their 1.5 MW wind turbine. We have also received trial orders from Global Wind Power Ltd. and Winergy Drive Systems India Ltd. and are confident of a substantial increase in business volumes.

Nearly ₹ 10 crores were invested to further debottleneck manufacturing lines. These lines are flexible and can be used for alternate products. Investments for any product specific equipment, not usable elsewhere, are fully financed by the clients. This greatly derisks the division from capital equipment obsolescence. The Company now has a world class manufacturing facility with the highest priority given to quality standards.

### Product Development

- A Gear Box Housing KMP 450 for wind mills, has been developed.
- Six types of new components requiring precision fabrication, machining & painting, have been developed for wind mills.

## Business Strategy

The Company plans to add at least 3 to 4 new customers every year. It is in discussion with leading international clients to manufacture wind turbine towers. Apart from wind energy, there is also a focus on infrastructure, earth moving industries and power generation equipment. The Company's strategy is to make products that require complex engineering skills, and capital intensive manufacturing processes, thereby creating a significant entry barrier for competitors.

## Quality

The Engineering division has been ISO 9001 certified for its Quality Management System since 2008. It maintains high quality standards with a 100% inspection standard at multiple stages. There is an "in-house" inspection facility with "state-of-the-art" imported equipment. The division now plans to apply for the ISO 14001 – Environmental Management System certification.

## Opportunities

- The wind mill sector offers strong opportunities for business growth due to the global thrust on renewable energy development. Due to the Company's high quality standards, new wind mill manufacturers are approaching us to develop their components. This is because major suppliers prefer to subcontract components and assemblies instead of making them in-house.
- The infrastructure, power and earth moving equipment sectors are all expected to grow rapidly in next five years.

## Threats, Risks and Concerns

- Risk of revenue loss and profitability due to non-utilization of equipment for the short term, if a customer cancels an order.
- High dependence on the wind energy sector business. However, the Management is in the process of diversifying the business to other industries.



**Oxyfuel CNC Profile  
Cutting Machine**



**Vertical turning center machining  
a disc rotor**



**3 dimensional co-ordinate  
measuring machine**

## Automotive Segment



**State-of-the-art new RiO assembly line**

### Industry Structure & Outlook

The SUV market size in India is about 3 lakhs vehicles per annum, growing at a rate of 20% per year. At present, it constitutes 10% of the total passenger car market (which is nearly 3 million vehicles per year). With continuous economic growth of 8% to 9%, this market is expected to grow steadily for a long period. At present 80% of the SUV market is catered to by three players. Currently, all SUV models have a 7 seater capacity (or more). The Premier RiO still remains the only compact SUV in the market with no imminent competition.

### Operations

The Company's RiO project is progressing smoothly. During the year, the Company did an initial seeding of a few hundred RiO vehicles in the market to collect first hand feedback from user groups. Based on this, the product has now been fine tuned to meet customer expectations for urban as well as semi-urban / rural Indian terrain. The product will soon be ready to enter the Indian market. Trial commercial production has started.

During the year, a state-of-the-art new RiO assembly line was inaugurated, which has an installed capacity to produce 30,000 units per annum.

The Company has developed dealerships and an after sales service network with a major focus on the North and North East markets, progressively increasing the network presence all over India. With this development, the Company now has a pan India dealership network presence.



**Premier RiO, India's first compact diesel SUV**

During the year, the Company established its service network all over India. In addition to our own parts and service support, the Company has entered into a tie-up with a reputed service provider to provide 24x7 off-road after sales service to RiO customers.

### **Product Development**

The Company has refurbished the RiO with a new interior. Also, a RiO Euro-IV compliant petrol version has been developed and is under homologation and road tests. It is expected to be launched in June, '11. The Company is also working on a new CRDi, diesel engine to make RiO Euro IV compliant. This is expected to be launched by August '11.

### **Opportunities**

- The growth rate of the Indian SUV market is 20% annually.
- At present no compact SUV is available in the market.
- Small passenger vehicles are being supported by the Indian Government through lower excise duty in this product segment.

### **Threats, Risks and Concerns**

- The automobile industry is subject to cyclicity and global competition.

## **Human Resources and Industrial Relations**



**Learning and development training initiatives**

The Company's Industrial relations remained cordial and harmonious throughout the year. The bargainable workmen have formed their own internal union. The overall manpower strength is 2000, including 410 managerial personnel. The Company has 288 engineers constituting 70% of the total officer strength. Recruitment of qualified personnel to improve human resources is an on-going process.

Employee training, at all levels is a key priority. Specific training and skill building programs, both in-house and external, were conducted during the year including officers and workmen.



There has been a 53% increase in training man hours with 1065 employees cumulatively undergoing some form of learning and development. These programs included team building, motivation, stress management, value engineering, IFRS compliance, after sales service, negotiating skills and business etiquette. Our officers have also attended numerous IMTMA certified workshops.

The Company relaunched a revamped version of its employee suggestion scheme called “I Suggest” that was received very positively during the year. The company received over 1,000 suggestions from all levels of employees, out of which, 100 suggestions were implemented, resulting in a saving of over ₹ 50 lakhs. Employees have won a cumulative award amount of ₹ 25,000 for their contribution. “I Suggest” has had a positive impact on employee morale and motivation.

The Management follows an Affirmative Action Employment policy. Currently, 11% of our employee base comprises of women, which is targeted to increase to 25% within the next 2 years. HR practices, as well as special personalized workshops, were conducted for our women employees to empower them in the workplace. In keeping with the Confederation of Indian Industry (CII) Code of Conduct for Affirmative Action, the Company has taken initiatives to increase the employability of the SC/ST category. In the last 6 years the number of SC/ST employees increased by 60%.

During the National Safety Week (4th -11th March ‘11) training sessions were organized to educate our employees about general health and safety norms. In addition to the above, to create an awareness on early disease detection, a health check-up camp was organized in-house for all employees during March ‘11.



**Premier's employee suggestion scheme, 'iSuggest'**



**Special personalized workshops conducted to empower Premier women**



**National Safety Week celebrated during March '11**



**Vinod Doshi COEP Merit Scholarship awards**

## Corporate Social Responsibility

The Company actively pursues a CSR (Corporate Social Responsibility) policy and several initiatives were undertaken during the year.

- The annual Vinod Doshi Educational Scholarship awarding ₹ 75,000/- each to 10 needy and meritorious employees' children for their higher education from the Promoters Charity Trust.
- The annual Vinod Doshi COEP Merit Scholarship awarding ₹ 60,000/- each per year, for 4 years, to 5 financially needy students at the College of Engineering, Pune from the Promoters Charity Trust.
- Renovating the Production Engineering Workshop of the College of Engineering, Pune. The 138 year old lab was fully upgraded and equipped with state-of-the-art CNC Machines that have been provided by Premier's CNC Machine Tool Division and ₹ 2 crores donated by the Promoters Charity Trust.
- The Company sponsored the annual IMTMA (Indian Machine Tool Manufacturers' Association) Vinod Doshi Award for Outstanding Entrepreneurship in Machine Tools. This award is given to an outstanding first generation entrepreneur for building a Machine Tool company in India.
- The Company was a Silver sponsor of the CII (Confederation of Indian Industry) 9th Manufacturing Summit in Pune in November '10.
- The Company was the official engineering partner for MINDSPARK 2010, an inter collegiate technical festival in October '10. It played a key role by sponsoring 3 major events at the festival.



**Upgradation of the 138 year old lab of College of Engineering (Pune) with state-of-the-art CNC Machines**



**IMTMA Vinod Doshi Award at IMTEX 2011**



**Premier volunteers at Mindspark '10**



**Vinod Doshi Memorial Theatre Festival**



- The Company sponsored the 3rd Annual Vinod Doshi Memorial Theatre Festival in February '11 (Pune) to promote and preserve Hindi and Marathi theatre.
- The Company was a Gold Sponsor for Baajaa Gaajaa in February '11, an annual music festival held in Pune, dedicated to diversity in Indian music.
- The Company organized a Blood Donation Camp in-house in March '11, where 164 bottles of blood collected were donated to the Sahyadri Hospital.
- The Company initiated a 'Plant a Tree' drive and created a garden surrounding our factory premises, buildings (including the canteen) and boundary walls. So far, 2000 trees have been planted. Every year, the process of planting one new sapling per employee, i.e. 2000 or more, will continue, thus adding greenery to the environment.
- The Company installed a Sewage Treatment Plant (STP) where waste water is recycled and used for its garden. Similarly, it has also created a new Effluent Treatment Plant (ETP) system to separate oil and coolant waste. This cleaned water is then recycled for gardening use.
- The Company has proactively switched over to environment friendly packaging of heavy machinery, aligned with international packaging standards. Traditional timber has been replaced with metal based reusable materials such as steel and aluminium.



**Blood donation camp organized inhouse donating 164 bottles of blood**



**Tree plantation drive to plant 2000 saplings each year**



**Premier wins Fire Fighting Competition**



**State-of-the-art IT infrastructure**

## **Information and Technology**

The Company uses a SAP-ERP system for all its activities. It invests regularly in upgrading the SAP infrastructure for better utility of the system.

All maintenance and system activities are outsourced to local IP service providers. Resource planning, commercial and financial transactions are controlled through the SAP System.

## **Internal Controls**

The Company has set up adequate internal controls to ensure operational efficiency, safety of assets and efficient financial management. It has appointed an independent firm of Chartered Accountants to conduct regular internal audits. The Audit Committee of the Board reviews the internal controls and audit reports regularly. There is a Managing Committee consisting of senior functional heads and the Managing Director that meets once a month to review overall operations.

## **Patents**

Invention is an on-going process in the Company. The Company has, so far, filed 15 patents for processes & products, including 4 patents filed during the year. It is the endeavour of Management to encourage inventions of new products and processes in order to increase our patent portfolio. This shows strong technical and innovation skills developed in-house.

## **Cautionary Statement**

The Management Discussion and Analysis Report contains forward looking statements describing the Company's projections and estimates. These are based on certain assumptions and expectations of future events. The Company cannot guarantee the realization of projections as the actual results may differ due to factors like the price of raw materials, demand-supply conditions, changes in government regulations, tax structures, etc. which are beyond the control of Management. The Company assumes no responsibility in respect of forward looking statements which may undergo change on the basis of any subsequent developments, information or events.



# Report on Corporate Governance

## 1. Company's Philosophy on Code of Governance

The Board of Directors and Management lay great emphasis on adopting and practicing principles of good Corporate Governance with a view to achieve business excellence by enhancing long term shareholder value and the interest of all its stakeholders through sound business decisions, prudent financial management and a high standard of business ethics.

## 2. Board of Directors

The present strength of the Board is eight directors, comprising of five independent directors, as stated below:

Name	Category
Mr. Maitreya V. Doshi, Chairman & Managing Director	Executive [Promoter]
Mrs. Rohita M. Doshi	Non-Executive Director [Promoter]
Mr. S. Padmanabhan	Independent Non-Executive
Mr. Asit D. Javeri	Independent Non-Executive
Mr. Rohan Shah	Independent Non-Executive
Dr. Udo Weigel	Independent Non-Executive
Mrs. Kavita Khanna	Independent Non-Executive
Mr. Dilip J. Thakkar	Independent Non-Executive

## 3. Directors' Profile

A brief resume of all the Directors and names of companies in which they hold directorships/memberships/ chairmanships of the Board/ Committees are provided below:

**Mr. Maitreya Doshi** is the Promoter and Chairman & Managing Director of the Company. He 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 starting as Manager - Management Services (1984 – 1988), then Vice President - Corporate Planning (1988 – 1993), followed by Executive Director (1993 – 1995) and finally Managing Director in 1995. He was appointed as Vice Chairman of the Board in 2007 and thereafter appointed as Chairman of the Board in 2008. He has been largely responsible for the strong turnaround of the Company's operations as well as development of new project activities such as the heavy engineering business, etc.



Mr. Doshi is associated with various Chambers of Commerce and other institutions. He has served CII (Confederation of Indian Industry) in his capacity as Chairman of International Affairs Sub-Committee, Family Business Committee and as a member

of National Committee on Trade and CII's Western Regional Council. Presently, he is a Member of CII – Western Regional Council.

He was also a member of ARAI (Automotive Research Association of India), Pune, Western India Automobiles Association (WIAA), AIAM (Association of Indian Auto Manufacturers), Passenger Cars and MUV Committee of SIAM (Society of Indian Automobiles Manufacturers). He is an Executive Committee Member of SIAM. He has been nominated as a permanent member of the Executive Board of IMTMA (the Indian Machine Tool Manufacturers Association). He is also on the Governing Board of the College of Engineering, Pune.

In 1993, Mr. Doshi was nominated by the World Economic Forum, Geneva as one of 200 'Global Leaders of Tomorrow' selected from all over the world. He was also the first Indian speaker at Automotive News World Congress, Detroit, USA in 1996.

Mr. Doshi has been a member of the Young Presidents Organization (YPO) for the past 18 years and also serves on the YPO International Board for 3 years from '09-'12. He was previously the Regional Chairman of YPO's South Asia Region. In 2004, he was YPO Bombay's Chapter Chair. Mr. Doshi has also set up new YPO Chapters in Colombo, Sri Lanka and Gujarat.

Mr. Doshi has received many international YPO awards including two "Best of the Best" awards for Chapter Education and Global Networking as well as YPO's Alex Cappello Leadership in Global Membership Award.

Mr. Doshi is a Director of Doshi Holdings Pvt. Ltd., Vinod Shashank Chakor Pvt. Ltd. and DHPL Marine Private Limited and is a Managing Trustee of the Shri Lalchand Hirachand Premier Trust.



**Mr. S. Padmanabhan** is a M.Sc. (Physics) from Delhi University and Bachelor of General Law from Mumbai University. He has a diploma in Development Economics from University of Cambridge, U.K. and a Diploma in Management Accounting from Bajaj Institute of Management, Mumbai.

Mr. Padmanabhan is a retired I.A.S. Officer. During his tenure, he held various positions in the Government of Maharashtra, including Director - Tourism, Managing Director - SICOM, Commissioner, Aurangabad Division etc.

Mr. Padmanabhan has worked as a Corporate Advisor to Bharat Forge Limited and later Deepak Fertilizers and Walchandnagar Industries Limited. During the last 15 years he has been a consultant to the Videocon Group. He has a wide experience in industrial projects, finance and administration.

Mr. Padmanabhan is a Director of Videocon Industries Ltd., Applicomp (India) Ltd., Videocon Power Ltd., Trend Electronics Ltd., KAIL Limited (Formerly Kitchen Appliances (India) Ltd.), Videocon Energy Holdings Ltd., Sudarshan Chemicals Industries Ltd., Desai Brothers Ltd., Rajkumar Forge Ltd., Force Motors Ltd., Sanghvi Movers Ltd., Next Retail India Ltd., Goa Energy Pvt. Ltd., Aquapharm Chemicals Pvt. Ltd. and Pipavav Energy Pvt. Ltd.

**Mr. Asit Javeri** holds a Bachelors Degree in Science from Mumbai University. He is an industrialist with over 28 years of experience in chemical industry. Currently, he is the Chairman and Managing Director of Sadhana Nitrochem Ltd and has been actively involved in the major expansion and diversification projects of the Company thereby propelling it to a Star Export House status.



Mr. Javeri is a Director of Sadhana Nitro Chem Ltd., Indian Extractions Ltd., Phthalo Colours & Chemicals (I) Ltd., Lifestyle Networks Ltd., Manekchand Panachand Trading Investment Co. Pvt. Ltd., Anuchem B.V.B.A., Belgium, Medchem Technologies Pvt. Ltd., Chandra Net Pvt. Ltd. and Anuchem pte Ltd., Singapore.



**Mrs. Rohita Doshi** is the wife of Mr. Maitreya V. Doshi and a Promoter of the Company.

Mrs. Doshi has a BS and MS with High Honors in Computer Engineering from the Case Institute of Technology, Case Western Reserve University, Cleveland, USA and has also completed her Ph.D. Research on distributed databases and systems in Computer Engineering. She was the recipient of various scholarships and research assistantships as well as the winner of the Jennings Award for Excellence in Computer Engineering.

Mrs. Doshi started her career as a Research and Development Engineer at Hewlett Packard, Cupertino, CA, USA. She has designed and implemented a state of the art compiler for RISC architecture machines and other HP computers. She also worked as a Systems Analyst/Research Associate for SOHIO (Standard Oil of Ohio), Cleveland, USA.

Mrs. Doshi co-founded Soulkurry.com (India) Pvt. Ltd. in 2000, which launched India's first women's internet portal/website with over 50,000 registered members. She is currently the promoter of Art Point Pvt. Ltd. that consults and deals in contemporary Indian art, promoting artists, holding exhibitions and sales.

Mrs. Doshi has also been a speaker at conferences such as TIE on IT, chaired the IT committee of IMC Ladies' Wing and been Chairperson of Continuing Education Committee IMC Ladies' Wing. She was featured as an entrepreneur in International Business Week magazine and Asia Week magazine and has appeared on TV shows like Movers & Shakers.

Mrs. Doshi is a Director of Art Point Pvt. Ltd., Doshi Holdings Pvt. Ltd. and DHPL Marine Pvt. Ltd.

**Mr. Rohan Shah** graduated in 1987 from the Government Law College as an L.L.B. from the University of Bombay and was awarded the Visheshwariya Scholarship for standing first in the University. He is currently the Managing Partner of Economic Laws Practice and also the Chairman of the WTO Committee and the



Convener of the Anti-Dumping Committee of the Indian Merchants Chamber. He is also the Vice Chairman of the Trade Committee of the Inter Pacific Bar Association. He has been a member of the Indian Commerce Minister's core negotiating teams at the WTO Ministerial Rounds both at Seattle (1999) and Cancun (2003). In his fields of specialty, he has deposed as an expert on various occasions before Joint Parliamentary Committees. He is also a qualified Solicitor of England & Wales. His areas of expertise include Indirect Taxation, Corporate and Commercial laws, Real Estate and International Trade Laws.

Mr. Shah has been recognized by the 'International Tax Review' as being one of India's leading tax practitioners and by Legal 500 for heading one of the largest indirect tax practices in the country.



**Dr. Udo Weigel** is a German national. He is a Graduate in Mechanical Engineering/Manufacturing Technology and holds a Doctorate Degree in Research on gear hobbing from RWTH Aachen University, Germany.

Dr. Weigel has over 4 decades of experience in the machine tool industry, having worked with Pfauter, a leading gear hobbing machine manufacturer in Europe, for more than 29 years in various capacities including plant manager in Ludwigsburg Germany, International sales director and Managing Director of the Pfauter subsidiaries in Brazil and Italy. He has worked for 5 years for Samputensili in various capacities including managing director of Samputensil Chemnitz.

His professional experience includes lecturing (UTFSM Valparaiso Chile), guiding collaborators in different countries; process planning on component, group and complete product level; development of complex products; material flow analysis, automation concepts; public funded research projects (European Community); marketing concepts, sales strategies, customer contacts, development road mapping; consulting; evaluation and purchase of production means and facilities; technical due diligences; business plans, etc.

He is member of the board of Morara Italy and Managing Director of ADD Engineering Germany.

**Mrs. Kavita Khanna** has done her B.Sc (Econ.) from London School of Economics, U.K. She also holds a Masters Diploma in Law and Practice from City University, London, U.K. and is a barrister of Law from U.K.

Mrs. Khanna is President, Business Development, Bharat Serums and Vaccines Ltd. Previously she has also been Partner, Economic Laws Practice; Director of Bharat Radiators Industries Pvt. Ltd. She did independent practice in the Mumbai High Court and continues to be the member of the Mumbai Bar Council.



Her other professional activities include Member of the Board of Trustees of Jawaharlal Nehru Port Trust (JNPT), Vice Chairperson - International Alliance of

Women Leaders (IAWL), Member - Managing Committee ASSOCHAM, Vice Chair - ASSOCHAM Committee for Human Resource Development, Member - Confederation of Indian Industry (CII) Regional Council, Western Region, Member- Managing Committee of Indian Merchants Chambers (IMC), Chairperson of the Industrial Relations and Labour Law Committee of CII, WR.

Mrs. Khanna is a Director of Bharat Radiators Pvt. Ltd.; Bharat Radiators Industries Pvt. Ltd. and Vista Communications Pvt. Ltd.



**Mr. Dilip J. Thakkar** is a fellow member of the Institute of Chartered Accountants of India. He is a senior partner of M/s Jayantilal Thakkar & Co., Chartered Accountant & M/s Jayantilal Thakkar & Associates, Chartered Accountants, Mumbai. He received his B.Com. and L.L.B. degrees from Bombay University in 1957 and 1959, respectively.

Mr. Thakkar is an eminent Chartered Accountant and has over forty eight years of experience in Finance and Corporate matters. He specializes in the Foreign Exchange Management Act, and has advised overseas corporations and large Indian Companies on Investments, taxation and collaboration. He is a trustee of the HSBC Mutual Fund. He is on the various Statutory Committees of Public Limited Companies as Chairman and/or member like Panasonic Energy India Co. Ltd., Essar Oil Ltd., Thirumalai Chemicals Ltd., PAE Ltd., Himatsingka Seide Ltd. & Walchandnagar Industries Ltd.

Mr. Thakkar is a Director on the Board of many Listed and Unlisted Public and Private Companies namely Poddar Developers Ltd., Panasonic Energy India Co. Ltd., Essar Oil Ltd., Thirumalai Chemicals Ltd., PAE Ltd., Himatsingka Seide Ltd., Walchandnagar Industries Ltd., The Rubi Mills Ltd., Indo Count Industries Ltd., Garware Polyester Ltd., Essar Shipping Ports & Logistics Ltd., Modern India Ltd., Rajasvi Properties Holdings Private Ltd., Starrock Investments & Trading Private Ltd., Blueberry Trading Company Pvt. Ltd. Township Real Estate Developers Pvt. Ltd., Hamlet Construction (India) Private Ltd., Windmere Hospitality (India) Private Limited, Skidata (India) Private Limited (Earlier known as Hinditron Consultancy Services Private Limited), Ameya Logistics Pvt. Ltd.

#### **4. Board Meetings and Attendance**

Eight (8) Board meetings were held during the financial year ended on 31st March '11.

The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated prior to the meeting. Adequate information is circulated as part of the Board papers and is also made available at the Board meetings to enable the Board to take informed decisions.

The dates on which meetings were held are as follows:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	28.04.2010	8	8
2	21.07.2010	8	6
3	30.08.2010	8	4
4	12.10.2010	8	6
5	20.10.2010	8	6
6	19.01.2011	8	6
7	22.02.2011	8	5
8	17.03.2011	8	6

Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of Companies and committees where he is Director/Member.

Name of Director	Category of Directorship	Number of Board meetings attended	Attendance at the last AGM held on 30.08.2010	Number of Directorships in other public limited companies	Number of committee positions held in other companies	
					Chairman	Member
Mr. Maitreya V. Doshi Chairman & Managing Director	Executive (Promoter)	8	Yes	-	-	-
Mrs. Rohita M. Doshi Computer Engineer	Independent Non-Executive	7	Yes	-	-	-
Mr. S. Padmanabhan I.A.S (Retd.)	Independent Non-Executive	7	Yes	11	-	10
Mr. Asit D. Javeri Industrialist	Independent Non-Executive	6	-	4	3	6
Mr. Rohan Shah Solicitor	Independent Non-Executive	2	-	4	-	-
Dr. Udo Weigel Machine Tool Technologist	Non-Independent Non-Executive	4	-	1	-	-



Mrs. Kavita V. Khanna Management and Legal Consultant	Independent Non-Executive	7	Yes	-	-	-
Mr. Dilip J. Thakkar Chartered Accountant	Independent Non-Executive	6	-	13	5	10

## 5. Audit Committee

The Audit Committee consists of 3 Non-Executive, Independent Directors namely Mr. S. Padmanabhan, Mr. Asit D. Javeri and Mrs. Kavita Khanna. Mr. S. Padmanabhan is a Chairman of the Audit Committee. Mr. Ramesh M. Tavhare, Vice President (Finance and Legal) & Company Secretary is the Secretary of the committee.

Four (4) meetings were held during the year on 28th April '10, 21st July '10, 20th October '10 and 19th January '11. The Audit Committee has been mandated with the terms of reference as are specified in Clause-49 of the Listing Agreement with the Stock Exchanges.

Attendance of Directors at the Audit Committee Meeting held during the financial year:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. S. Padmanabhan	4	3
Mr. Asit D. Javeri	4	4
Mrs. Kavita Khanna	4	2
Mr Dilip J. Thakkar (Special Invitee)	4	3

## 6. Remuneration Committee

The Remuneration Committee consists of 3 Non-Executive, Independent directors, namely Mr. S. Padmanabhan, Mr. Asit D. Javeri and Mr. Udo Weigel. Mr. S. Padmanabhan is the Chairman of the Committee. The Committee is appointed with the terms of reference of deciding the remuneration of executive and non-executive directors. During the year, meetings of the Committee were held on 28th April '10 and 17th March '11.

Attendance of Directors at the Remuneration Committee Meeting held during the financial year:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. S. Padmanabhan	2	2
Mr. Asit D. Javeri	2	2
Mr. Udo Weigel	2	1

## 7. Remuneration Policy

The Company pays remuneration by way of salary, allowances and perquisites to the Chairman & Managing Director as approved by the Board of Directors and shareholders of the Company. Each Non-Executive Director is paid a sitting fee of ₹ 20,000/- per meeting of the Board/Committee. Apart from this, the Company pays commission to Non-Executive Directors in absolute figures.

Details of remuneration of the Directors during the period 1st April '10 to 31st March '11 are as under:

₹ (Lakhs)					
Name of the Director	Salaries, Perquisites contribution to Provident Fund and Superannuation	Consultancy Charges	Commission	Sitting Fees	Total
Mr. Maitreya V. Doshi	52.74	-	-	-	52.74
Mrs. Rohita M. Doshi	-	-	4.50	1.40	5.90
Mr. S. Padmanabhan	-	-	4.50	2.40	6.90
Mr. Asit D. Javeri	-	-	4.50	3.20	7.70
Mr. Rohan Shah	-	-	4.50	0.60	5.10
Mr. Udo Weigel	-	3.55	4.50	1.00	9.05
Mrs. Kavita Khanna	-	-	4.50	2.40	6.90
Mr. Dilip J. Thakkar	-	-	4.50	1.80	6.30

The Company does not have any Stock Option Scheme.

\* The Company has applied to the Central Government for permission to pay commission to the Non-Executive Directors. Pending such permission the Commission is not yet paid.

## 8. Shareholding of Non-Executive Directors as on 31st March '11

Sr.	Name of the Director	No. of shares held
1	Mr. Dilip J. Thakkar	740
2	Mr. S. Padmanabhan	NIL
3	Mr. Asit D. Javeri	18,000
4	Mrs. Rohita M. Doshi	200
5	Mr. Rohan Shah	NIL
6	Dr. Udo Weigel	NIL
7	Mrs. Kavita V. Khanna	14,000



## 9. Shareholders' Grievance Committee

This Committee consists of 3 Non-Executive Independent Directors namely Mr. Asit Javeri, Mr. Rohan Shah and Mrs. Kavita Khanna. Mr. Asit Javeri is the Chairman of the Committee.

The functioning and terms of reference of the Committee are as prescribed and in due compliance with the Listing Agreement with the Stock Exchanges and include reviewing existing Investor Redressal System, redressing of shareholder complaints like delay in transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrant, etc. and suggesting improvements in investor relations.

Four (4) meetings of the Committee were held during the year on 28th April '10, 21st July '10, 20th October '10 and 19th January '11. Attendance of Directors at the Investors'/Shareholders' Grievance Committee Meeting held during the financial year:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Asit D. Javeri	4	4
Mr. Rohan Shah	4	1
Mrs. Kavita Khanna	4	3
Mr. S Padmanabhan*	N.A.	1

\* Mr. S Padmanabhan was co-opted on the committee for one meeting during the year.

Mr. Ramesh M. Tavhare, Vice President (Finance and Legal) & Company Secretary is the Compliance Officer.

The Company's shares are tradable only in demat form. As regards transfer of shares in physical form, the Chairman & Managing Director has been authorized by the Board to approve such transfers. This facilitates approval of transfers within the time stipulated under Listing Agreement. Further, the complaints of the above nature are promptly attended to by the Compliance Officer.

Statement of the various complaints received and cleared by the Company during the year ended on 31st March '11:

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending
1	Non Receipt of Share Certificate	34	34	0
2	Non Receipt of Dividend	82	82	0
3	Non Receipt of End Stickers	6	6	0
4	Non Receipt of Annual Report	3	3	0
5	Non Receipt of Demat Credit/Remat Certificate	4	4	0
6	Non Receipt of Rejected Demat Request Form	6	6	0
7	Non Receipt of Exchange Certificate	1	1	0

8	Non Receipt of Bonus Certificate	1	1	0
9	Non Receipt of REP/SPL/CON/DUP Certificate	2	2	0
10	Others	1	1	0
<b>Total</b>		<b>140</b>	<b>140</b>	<b>0</b>

## 10. General Body Meetings

(a) Details of location and time of holding of last three AGMs

AGM for the financial year ended	Venue	Date	Time	No. of Special Resolutions passed
62nd AGM 31st March '08	Hotel Kalasagar, P/4, MIDC, Mumbai – Pune Road, Pimpri Pune – 411 034	27th June '08	11.00 a.m.	4
63rd AGM 31st March '09	Hotel Kalasagar, P/4, MIDC, Mumbai – Pune Road, Pimpri Pune – 411 034	26th June '09	2.30 p.m.	-
64th AGM 31st March '10	Mumbai-Pune Road, Chinchwad, Pune-411 019	30th August '10	11.00 a.m.	2

(b) No resolution was passed by Postal Ballot during the year.

## 11. Disclosures

**(a) Materially Significant related party transactions:** The particulars of transactions between the Company and its related parties as per the Accounting Standard -18 are set out at Note 18 in Notes to Accounts in the Annual Report. These transactions are not likely to have any conflict with Company's interest.

**(b) Management Disclosures:** The Senior Management Personnel have been making disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. Based on the disclosures received, none of the Senior Management Personnel has entered into any such transactions during the year.

**(c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years:** The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well regulations and guidelines prescribed by SEBI.

There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

**(d) Risk Management Framework:** The Board of Directors has adopted the Risk Assessment Procedure. The procedure provides an approach by the top 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 objectives of the Company. The Senior Management prioritizes the risk and finalizes the action plan for mitigation of the key risks.

**(e) Compliance with the Non- Mandatory Requirements:** As regards non-mandatory requirements of Corporate Governance norms, the Company has complied with the constitution of the Remuneration Committee.

## 12. Means of communication

The quarterly, half yearly and annual results are published in English in “Sakal Times” and in Marathi in “Saamana”. The Results are also uploaded through Corporate Filing and Dissemination System (CFDS) at [www.corpfiling.co.in](http://www.corpfiling.co.in).

The financial results and official news releases are also available on the Company’s website at [www.premier.co.in](http://www.premier.co.in)

No presentations were made to institutional investors or to the analysts during the year.

## 13. General shareholder information

The financial year of the Company is for a period of 12 months from 1st April to 31st March every year.

AGM: Date, time and venue	65th Annual General Meeting on Saturday, 11th June ‘11 at 12.00 noon at the registered office of the Company at Mumbai-Pune Road, Chinchwad, Pune-411 019.
Date of Book Closure	1st June ‘11 to 11th June ‘11
Dividend payment date	On or after 11th June ‘11
Financial Calendar (Tentative)	
Results for quarter ending June 30 ‘11	Last week of July ‘11
Results for quarter ending September 30 ‘11	Last week of October ‘11
Results for quarter ending December 31 ‘11	Last week of January ‘12
Results for quarter ending March 31 ‘12	April / May ‘12

Listing of Company's shares	The Company's shares are listed on Bombay Stock Exchange Ltd. [BSE] and National Stock Exchange of India Ltd. [NSE]
Scrip Code	500540 on BSE, PREMIER on NSE
ISIN Number	INE342A01018

## 14. Investor Services

The Company has appointed M/s Link Intime India Pvt. Ltd., (Formerly known as Intime Spectrum Registry Ltd.) whose address is given below, as its Registrar and Transfer Agents. The Registrar handles all matters relating to the shares of the Company including transfer, transmission of shares, dematerialization of share certificates, subdivision/consolidation of share certificates and investor grievances.

### **Link Intime India Pvt. Ltd.**

Unit: Premier Ltd.

C-13, Pannalal Silk Mills Compound, L. B. S. Marg  
Bhandup [West], Mumbai – 400 078

Tel. No. [022] 2596 3838 , 2594 6970-78, Fax No. [022] 2594 6969

Email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 15. Share Transfer System

All the transfers received are processed by Registrar and Transfer Agent. Share transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respects. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

## 16. Dematerialization of shares

The Company's shares are tradable compulsorily in electronic form. The Company has established through its Registrar and Share Transfer Agent, connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on 31st March '11, 89.57% of the equity shares have been dematerialized.

## 17. Outstanding GDRs/ADRs/Warrants or any convertible instruments

There are no outstanding GDRs/ADRs. During the year no conversion took place and hence there was no effect on Equity Capital of the Company.

## 18. High/low of market price of the Company's shares traded on the Stock Exchange upto 31<sup>st</sup> March '11



Period	Premier's Share Price (₹)		BSE SENSEX	
	High	Low	High	Low
April 2010	152.90	115.25	18,047.86	17,276.80
May 2010	134.00	96.50	17,536.86	15,960.15
June 2010	124.45	108.60	17,919.62	16,318.39
July 2010	127.00	111.55	18,237.56	17,395.58
August 2010	126.70	107.50	18,475.27	17,819.99
September 2010	142.00	118.00	20,267.98	18,027.12
October 2010	161.80	129.00	20,854.55	19,768.96
November 2010	156.00	105.00	21,108.64	18,954.82
December 2010	132.00	109.20	20,552.03	19,074.57
January 2011	125.00	85.00	20,664.80	18,038.48
February 2011	100.50	73.25	18,690.97	17,295.62
March 2011	99.00	81.00	19,575.16	17,792.17

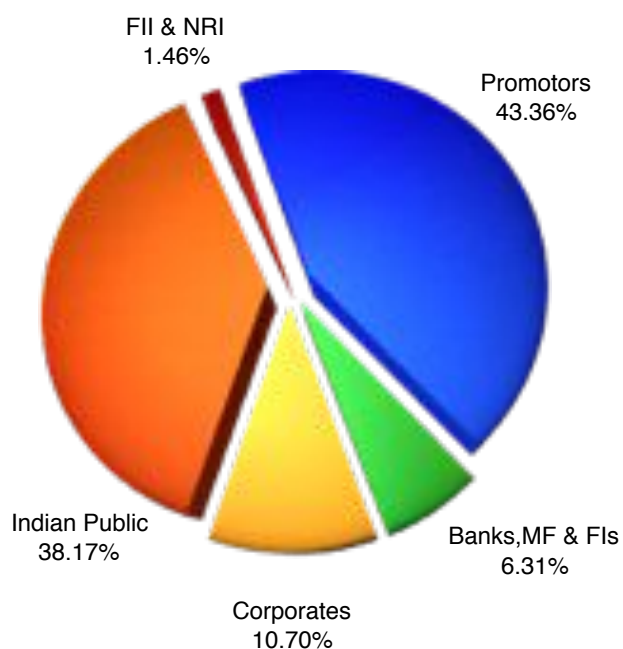


## 19. Distribution of shareholding as on 31st March '11

No. of shares	Folios		Amounts	
	Number	% to total	₹	% to total
(1)	(2)	(3)	(4)	(5)
1 - 5000	34,438	93.65	3,83,71,730	12.63
5001 - 10000	1,323	3.60	1,01,25,360	3.33
10001- 20000	487	1.32	73,85,260	2.43
20001- 30000	161	0.44	40,70,180	1.34
30001- 40000	72	0.20	25,63,000	0.84
40001- 50000	66	0.18	30,40,180	1.00
50001- 100000	114	0.31	80,10,480	2.64
100001 and above	114	0.31	23,01,59,510	75.79
<b>Total:</b>	<b>36,775</b>	<b>100.00</b>	<b>30,37,25,700</b>	<b>100.00</b>

## 20. Share holding pattern as on 31<sup>st</sup> March '11

Category	No. of shares	%
Promoters	1,31,69,272	43.36
Mutual Funds and UTI	12,724	0.04
Banks, Financial Institutions & Insurance Companies	19,05,072	6.27
FII's	3,35,820	1.11
Bodies Corporate	32,48,082	10.70
Indian Public	1,15,94,191	38.17
NRI's/Foreign Nationals	1,07,409	0.35
<b>Total:</b>	<b>3,03,72,570</b>	<b>100.00</b>



Pursuant to Regulation 3(1) (e) (i) of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulation, 1997 and subsequent amendments thereto, Promoter Group and Persons acting in concert consists of Doshi Holdings Pvt. Ltd., Mrs. Saryu V. Doshi, Mr. Maitreya Doshi, Mrs. Rohita M. Doshi.

## 21. Code of Conduct

As required by clause 49 I (D) of the Listing Agreement, the Company has formulated a Code of Conduct for all Directors and Senior Management of the Company and the same has been adopted by the Board. The Code is also available on the Company's official website. All the Directors and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

### Plant Location

Premier Ltd.  
Mumbai – Pune Road  
Chinchwad  
Pune – 411 019  
Maharashtra  
Tel: 020-6631 0000  
Fax: 020-6631 0371

### Address for Correspondence

Premier Ltd.  
58, Nariman Bhavan,  
5th Floor, Nariman Point  
Mumbai - 400 021  
Tel: 022-6117 9000  
Fax: 022-6117 9003  
Email: [investors@premier.co.in](mailto:investors@premier.co.in)

Link Intime India Pvt Ltd.  
C-13, Pannalal  
Silk Mills Compound  
L. B. S. Marg  
Bhandup (West)  
Mumbai – 400 078  
Tel: 022-2594 6970-78  
Fax: 022-25946969  
Email:  
[rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 22. CEO / CFO Certification

The Company is duly placing a certificate to the Board from the Chairman & Managing Director and Vice President (Finance & Legal) and Company Secretary in accordance with the provisions of Clause 49 (V) of the Listing Agreement. The aforesaid certificate duly signed by the Chairman & Managing Director and the Vice President (Finance & Legal) & Company Secretary in respect of the financial year ended 31st March '11 has been placed before the Board in the meeting held on 21st April '11.

## Declaration

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the respective Codes.

Maitreya Doshi  
Chairman & Managing Director

# Auditors' Certificate on Corporate Governance

The Members,  
Premier Limited

We have examined the compliance of conditions of Corporate Governance by Premier Limited, for the year ended on March 31 '11, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Raghuvir M. Aiyar  
Partner  
Membership No. 38128

Place: Mumbai  
Date: 21st April '11

# Auditors' Report

## The Members of Premier Limited

- (1) We have audited the attached Balance Sheet of Premier Ltd. as at 31st March '11, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the directors, as on 31st March '11 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March '11 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the balance sheet, of the state of affairs of the Company as at 31st March '11;
- b. in the case of the profit and loss account, of the profit for the year ended on that date; and
- c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

For K.S.Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Raghuvir M. Aiyar  
Partner (M No.- 38128)

Place : Mumbai  
Date : 21st April '11



# Annexure

**Re: Premier Limited**

Referred to in paragraph 3 of our report of even date,

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on physical verification were not material and properly dealt with in the books of account.
- c. The fixed assets disposed off during the year were not substantial. According to the information and explanation given to us; we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the Company.
- (ii) a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. In our opinion and according to the explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and properly dealt with in the books of account.
- (iii) a. The Company has not granted any unsecured loan to any party listed in the register maintained under section 301 of the Companies Act, 1956. In view of (iii)(a) above, the requirements of clause (iii)(b), (iii)(c) and (iii)(d) of the Order are not applicable.
- b. The Company has taken unsecured loan from four parties listed in the register maintained under section 301 of the Companies Act, 1956 wherein the balance payable as at the year end is ₹ 4,47,00,000/- (Maximum balance outstanding during the year ₹ 4,53,00,000/-).
- c. In our opinion and according to the explanations given to us, the rate of interest and other terms and conditions of the aforesaid loan are not, prima facie prejudicial to the interest of the company.
- d. In our opinion and according to the explanations given to us, the company is regular in paying the principal and interest as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the

company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.

- (v) a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

b. There are no transactions made for purchase or sale of goods or services exceeding the value of five lakh rupees in respect of any party listed in the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.
- (ix) a. The company is generally regular in depositing with appropriate authorities undisputed statutory dues regarding wealth tax, customs duty, excise duty, cess and other statutory dues applicable to it.

b. According to the records of the Company, there are no undisputed dues payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax which are outstanding for more than six months from the date they become payable as of 31st March '11. Investor Education and Protection Fund of ₹ 0.21 lakhs has remained unpaid for a period of more than six months from the date it has become payable. The same has been retained by the Company as per the orders of the Kolkata High Court.

c. According to the records of the Company, the disputed statutory dues on accounts of sale tax, income-tax, customs tax/wealth-tax, service Tax, excise duty/cess which have not been deposited on account of any dispute are as follows:

Sr. No	Name of the Statute	Nature of the Dues	Amount ₹ (Lakhs)	Period to which the amount relates	Forum where dispute is pending
1	The Central Excise Act	Penalty	200.00	1997 to 2000	CESTAT sent the matter for de-novo adjudication to the Commissioner of Central Excise.
2.	The Central Excise Act	Excise Duty Penalty	4.92 0.50	July, 1996 to Sept., 1996	CESTAT sent the matter for de-novo adjudication to the Assistant Commissioner of Central Excise.
3.	FEMA	Penalty	65.49	1996-97	Directorate of Enforcement has appealed to the Supreme Court.
4.	The Central Excise Act	Excise Duty	26.43	May, 1992 to Sept., 1992	CESTAT
5.	The Central Excise Act	Excise Duty Penalty	11.10 11.10	June, 1989	CESTAT

- (x) The Company does not have any accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and also during the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank during the year.
- (xii) The Company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.

- (xvii)** According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii)** The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix)** The Company has not issued any secured debentures during the year nor it has any outstanding debentures during the year.
- (xx)** The Company has not raised money by public issues during the year.
- (xxi)** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Raghuvir M. Aiyar  
Partner (M No.- 38128)

Place : Mumbai  
Date: 21st April '11

# Balance Sheet as at 31st March 2011

	Schedule	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	3039.95	3039.95
Reserves and surplus	B	66779.44	15790.87
		<b>69819.39</b>	<b>18830.82</b>
<b>Loan Funds</b>			
Secured Loans	C	26183.01	16288.79
Unsecured Loans	D	3546.93	3843.00
		<b>29729.94</b>	<b>20131.79</b>
<b>Total</b>		<b>99549.33</b>	<b>38962.61</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	79942.59	26826.32
Less: Depreciation		4204.64	3093.13
Net Block		75737.95	23733.19
Capital Items awaiting completion or commissioning including advances for capital expenditure		14496.14	9419.39
		<b>90234.09</b>	<b>33152.58</b>
<b>Investments</b>			
	F	<b>362.97</b>	<b>362.97</b>
<b>Current Assets, Loans &amp; Advances</b>			
Interest accrued on bank deposits	G	76.67	34.60
Inventories - Manufacturing		7128.77	6280.64
Sundry Debtors		8779.79	6622.31
Cash and Bank Balances		2327.79	1447.26
Loans and Advances		3905.43	3078.47
		<b>22218.45</b>	<b>17463.28</b>
<b>LESS</b>			
<b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	H	9908.26	9263.39
Provisions		3373.59	2769.16
		<b>13281.85</b>	<b>12032.55</b>
<b>Net Current Assets</b>		<b>8936.60</b>	<b>5430.73</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	I	15.67	16.33
<b>Total</b>		<b>99549.33</b>	<b>38962.61</b>

The schedules referred to above and the notes attached form an integral part of the Balance Sheet.

As per our Report attached  
**For K. S. Aiyar & Co.**  
Chartered Accountants  
**Raghuvir M. Aiyar**  
Partner (M No. 38128)  
Place: Mumbai  
Date: 21st April '11

**Maitreya Doshi**  
Chairman & Managing Director  
**S. Padmanabhan**, Director  
**Asit Javeri**, Director

**Rohita Doshi**, Director  
**Kavita Khanna**, Director  
**Dilip J. Thakkar**, Director

**Ramesh Tavhare**  
Vice President (Finance & Legal)  
& Company Secretary  
Place: Mumbai  
Date: 21st April '11

# Profit & Loss Account for the Year Ended 31st March 2011

	Schedule	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
<b>INCOME :</b>			
<b>Sale of Products</b>	<b>J</b>		
Gross Sales		24411.91	17168.95
Less: Internal Capitalization		100.68	1309.64
Less: Excise Duty		1567.44	865.18
<b>Net Sales from operations</b>		<b>22743.79</b>	<b>14994.13</b>
Add: Other income	<b>K</b>	240.88	261.59
		<b>22984.67</b>	<b>15255.72</b>
<b>EXPENDITURE :</b>			
Materials consumed		12757.39	7462.38
(Increase) / Decrease in inventory	<b>L</b>	(1666.19)	518.43
Manufacturing, Administrative & other expenses	<b>M</b>	5953.77	4772.02
Interest and financial charges	<b>N</b>	2506.96	1099.81
Depreciation		1167.63	632.19
Expenditure capitalised (Internal capitalisation of machines)		(100.68)	(1309.64)
		<b>20618.88</b>	<b>13175.19</b>
<b>Profit before tax</b>		<b>2365.79</b>	<b>2080.53</b>
Taxes	<b>O</b>	521.09	417.59
<b>Profit after tax</b>		<b>1844.70</b>	<b>1662.94</b>
Surplus brought forward		1423.19	894.68
<b>Surplus available for appropriation</b>		<b>3267.89</b>	<b>2557.62</b>
<b>APPROPRIATIONS :</b>			
Proposed dividend (Including tax on dividend ₹ 136.20 Lakhs)		956.26	959.43
Transfer to General Reserve		200.00	175.00
		<b>1156.26</b>	<b>1134.43</b>
<b>Balance carried to Balance Sheet</b>		<b>2111.63</b>	<b>1423.19</b>
Earning Per Share (₹ per share) (Refer Note: 20)			
Basic		<b>6.07</b>	<b>5.48</b>
Diluted		<b>6.07</b>	<b>5.48</b>

The schedules referred to above and the notes attached form an integral part of the Profit & Loss Account.

As per our Report attached  
**For K. S. Aiyar & Co.**  
Chartered Accountants  
**Raghuvir M. Aiyar**  
Partner (M No. 38128)

Place: Mumbai  
Date: 21st April '11

**Maitreya Doshi**  
Chairman & Managing Director  
**S. Padmanabhan**, Director  
**Asit Javeri**, Director

**Rohita Doshi**, Director  
**Kavita Khanna**, Director  
**Dilip J. Thakkar**, Director

**Ramesh Tavhare**  
Vice President (Finance & Legal)  
& Company Secretary  
Place: Mumbai  
Date: 21st April '11



## SCHEDULE A : SHARE CAPITAL

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>AUTHORISED :</b>		
4,00,00,000 Equity Shares of ₹ 10 each (Previous year 4,00,00,000 Equity Shares of ₹ 10 each)	4000.00	4000.00
<b>ISSUED :</b>		
3,04,54,180 Equity Shares of ₹ 10 each (Previous year 3,04,54,180 Equity Shares of ₹ 10 each.)	3045.42	3045.42
<b>SUBSCRIBED AND PAID UP :</b>		
3,03,72,570 Equity Shares of ₹ 10 each fully paid, (Previous year 3,03,72,570 Equity Shares of ₹ 10 each fully paid)	3037.26	3037.26
Add : Forfeited shares amount paid up	2.69	2.69
<b>Total Share Capital</b>	<b>3039.95</b>	<b>3039.95</b>

## SCHEDULE B : RESERVES & SURPLUS

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>CAPITAL RESERVE :</b>		
Forfeiture of warrants	0.84	0.84
<b>SHARE PREMIUM :</b>		
As per last balance sheet	3188.88	3188.88
<b>GENERAL RESERVE :</b>		
As per last balance sheet	11177.96	11002.96
Add : Transferred from Profit & Loss Account	200.00	175.00
	<b>11377.96</b>	<b>11177.96</b>
<b>REVALUATION RESERVE LAND :</b>	<b>50100.13</b>	<b>0.00</b>
<b>PROFIT &amp; LOSS ACCOUNT :</b>		
Surplus as per Profit & Loss Account	2111.63	1423.19
<b>Total Reserves &amp; Surplus</b>	<b>66779.44</b>	<b>15790.87</b>

## SCHEDULE C : SECURED LOANS

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>FROM BANK:</b>		
Cash Credit from State Bank of India (Refer Note: 11 (a) (i))	3591.11	3742.31
Term Loan from State Bank of India (Refer Note: 11 (b))	3088.78	4643.78
Buyers Credit from Federal Bank	408.21	0.00
	<b>7088.10</b>	<b>8386.09</b>
<b>FROM OTHERS:</b>		
Term Loans (Refer Note: 11 (c to i))	16399.91	6102.70
Bridge Loans (Refer Note No 11 (j))	2695.00	1800.00
<b>Total Secured Loans</b>	<b>26183.01</b>	<b>16288.79</b>

## SCHEDULE D : UNSECURED LOANS

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>Fixed Deposits</b> (Repayable within one year ₹ 75 lakhs; Previous year- ₹ 228 lakhs)	1518.00	228.00
<b>Inter-Corporate Deposits</b> (Repayable within one year ₹ 1128 lakhs; Previous year- ₹ 3160 lakhs)	2028.93	3615.00
<b>Total Unsecured Loans</b>	<b>3546.93</b>	<b>3843.00</b>

## SCHEDULE E : FIXED ASSETS

₹ (Lakhs)										
ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	GROSS BLOCK AS AT 01/04/2010	ADDITIONS / ADJUSTMENTS	DEDUCTIONS	GROSS BLOCK AS AT 31/03/2011	DEPRECIATION FUND AS AT 01/04/2010	DEDUCTIONS	DEPRECIATION FOR THE YEAR	DEPRECIATION FUND AS AT 31/03/2011	NET BLOCK AS AT 31/03/2011	NET BLOCK AS AT 31/03/2010
Freehold Land	6486.10	51013.90	-	57500.00	-	-	-	-	57500.00	6486.10
Buildings	6906.98	88.30	-	6995.28	582.07	-	214.85	796.92	6198.36	6324.91
Plant and Machinery & Equipments ***	12617.45	2028.91	148.36	14498.00	2131.00	56.13	902.02	2976.89	11521.11	10486.46
Cars & Vehicles	100.13	15.93	-	116.06	40.97	-	10.84	51.81	64.25	59.16
Furniture and Office Equipments	317.71	92.32	-	410.03	90.99	-	21.14	112.13	297.90	226.72
Dies & Jigs	397.95	25.27	-	423.22	248.11	-	18.78	266.89	156.33	149.84
<b>Total</b>	<b>26826.32</b>	<b>53264.63</b>	<b>148.36</b>	<b>79942.59</b>	<b>3093.14</b>	<b>56.13</b>	<b>1167.63</b>	<b>4204.64</b>	<b>75737.95</b>	<b>23733.19</b>
<b>Previous Year Total</b>	<b>19189.57</b>	<b>8441.27</b>	<b>804.52</b>	<b>26826.32</b>	<b>3214.75</b>	<b>753.81</b>	<b>632.19</b>	<b>3093.13</b>	<b>23733.19</b>	

\*\*\* Note: Net Block of plant and machinery includes ₹ 1030.03 Lakhs (Previous Year ₹ 1199.45 Lakhs) in respect of assets acquired under finance lease.

## SCHEDULE F : INVESTMENTS

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>INVESTMENTS (OTHER THAN TRADE)</b>		
<b>LONG TERM QUOTED SHARES ( FULLY PAID)</b>		
<b>PAL-Peugeot Ltd.</b> 7,90,84,000 equity shares of ₹ 10/- each. ( Previous year 7,90,84,000 equity shares of ₹ 10/- each)	7908.40	7908.40
Less: Provision for diminution in value of investments.	0.00	7908.40
	7908.40	0.00
Less: Sale of Shares during the year (Refer Note: 10 (b & c))	7908.40	-
	<b>0.00</b>	<b>0.00</b>
<b>PAL Credit and Capital Ltd.</b> 58,99,169 equity shares of ₹ 10/- each. (Previous year 58,99,169 equity shares of ₹ 10/- each)	651.70	651.70
Less : Provision for diminution in value of investments. (Refer Note: 10 (a))	289.48	289.48
	<b>362.22</b>	<b>362.22</b>
	<b>362.22</b>	<b>362.22</b>
<b>UNQUOTED</b>		
<b>Saraswat Co-op. Bank Ltd.</b> 2,500 Shares of ₹ 10 each	0.25	0.25
<b>Shree Suvarna Sahakari Bank Ltd.</b> 500 Shares of ₹ 100 each	0.50	0.50
	<b>0.75</b>	<b>0.75</b>
<b>Total Investments</b>	<b>362.97</b>	<b>362.97</b>
<b>Aggregate Values</b>		
1. Book Value of quoted investments	362.22	362.22
2. Market Value of quoted investments	145.12	176.39
3. Book Value of unquoted investments	0.75	0.75

## SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>CURRENT ASSETS</b>		
<b>Interest accrued on bank deposits</b>	<b>76.67</b>	<b>34.60</b>
<b>Inventories - manufacturing</b>		
Stores and spares	72.11	31.73
Loose tools	226.12	176.17
Stock-in-trade :		
Raw materials and components	3326.85	2598.49
Finished components	245.24	119.63
Work-in-progress	2221.85	891.62
Finished goods	619.39	383.41
Goods-in-transit and under clearance	417.21	2079.59
	<b>7128.77</b>	<b>6280.64</b>
<b>Sundry Debtors, Unsecured :</b>		
Outstanding over six months :		
Considered good	782.32	1038.50
Considered doubtful	563.35	563.35
Less : Provision for doubtful debts	563.35	563.35
	782.32	1038.50
Others, considered good (Refer Note: 3)	7997.47	5583.81
	<b>8779.79</b>	<b>6622.31</b>
<b>Cash and bank balances :</b>		
Cash on hand	7.95	7.34
Balance with Scheduled Banks		
- in current accounts earmarked for specific statutory payments	161.97	125.90
- in Current accounts	216.47	72.96
- in Fixed deposit accounts (pledged with banks against LC margin / guarantee's given by banks)	1941.40	1241.06
	<b>2327.79</b>	<b>1447.26</b>
<b>LOANS AND ADVANCES</b>		
Unsecured considered good :		
Advances recoverable in cash or in kind or for value to be received .	2117.76	1679.85
Balances with excise,customs,port trust etc.	687.97	293.98
Receivable on account of land sale	0.00	300.00
Sundry deposits	272.83	147.33
Tax payments	826.87	657.31
	<b>3905.43</b>	<b>3078.47</b>
<b>Total Current Assets, Loans &amp; Advances</b>	<b>22218.45</b>	<b>17463.28</b>

## SCHEDULE H : CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors (Refer Note: 3)	8775.82	8371.16
Advances and deposits from dealers, customers, etc.	970.53	766.38
	9746.35	9137.54
<b>Investor Education &amp; Protection Fund</b>		
Unclaimed Dividend (Appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due)	161.91	125.85
	<b>9908.26</b>	<b>9263.39</b>
<b>PROVISIONS :</b>		
For Gratuity	468.82	428.70
For Leave Encashment	254.84	168.84
For Early Retirement Benefit	124.31	178.62
For Warranty	59.97	35.69
For Proposed Dividend	820.06	820.06
For Tax on Proposed Dividend	136.20	139.37
For Wealth Tax	247.52	187.52
For Income Tax	1261.87	810.36
	<b>3373.59</b>	<b>2769.16</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>13281.85</b>	<b>12032.55</b>

## SCHEDULE I : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at 31.03.2011 ₹ (Lakhs)	As at 31.03.2010 ₹ (Lakhs)
Research & Development Expenditure (Including Licence & Technical know-how fees)	16.33	16.99
Less : Written off during the year	0.66	0.66
<b>Total Miscellaneous Expenditure</b>	<b>15.67</b>	<b>16.33</b>



## SCHEDULE J : SALE OF PRODUCTS

	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
Automotive	4358.61	2964.08
Engineering	19522.28	12451.04
Agency Commission	21.91	233.65
Scrap	408.43	210.54
Internal Capitalisation	100.68	1309.64
<b>Total Sales (Gross)</b>	<b>24411.91</b>	<b>17168.95</b>

## SCHEDULE K : OTHER INCOME

	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
Dividend other than trade	0.05	0.06
Exchange Difference	110.71	37.01
Profit on sale of fixed assets	0.92	74.98
Provision for diminution in Value of Investment W/Back	8.26	0.00
Miscellaneous Income	120.94	149.54
<b>Total Other Income</b>	<b>240.88</b>	<b>261.59</b>

## SCHEDULE L : (INCREASE) / DECREASE IN INVENTORY

	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
<b>Stocks at commencement :</b>		
Finished goods	383.41	843.74
Finished components	119.63	516.73
Work-in-progress	891.62	582.01
Scrap	0.00	1.09
	<b>1394.66</b>	<b>1943.57</b>
Less :		
<b>Stocks at close :</b>		
Finished goods	619.39	383.41
Finished components	245.24	119.63
Work-in-progress	2221.85	891.62
	<b>3086.48</b>	<b>1394.66</b>
Add / (Less) :		
Excise duty difference on opening and closing stock of finished goods	25.63	(30.48)
<b>(Increase) / Decrease in Inventory</b>	<b>(1666.19)</b>	<b>518.43</b>

## SCHEDULE M : MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES

	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
<b>Payment to and provisions for employees :</b>		
Salaries, wages, bonus etc.	2706.98	2241.92
Retiring Gratuities	114.24	102.37
Contribution to Provident and Other Funds	145.56	104.49
Welfare expenses	208.83	181.80
	3175.61	2630.58
Less : Capitalised	493.18	404.06
	<b>2682.43</b>	<b>2226.52</b>
<b>Manufacturing, administrative and selling expenses :</b>		
Stores, spares and tools consumed	851.20	637.03
Power, fuel and water	409.09	332.24
<b>Repairs and Maintenance :</b>		
Machinery	35.27	40.39
Buildings	5.43	2.66
Other assets	3.48	0.84
Lease rental on fixed assets	54.77	63.98
Rent	58.36	44.69
Rates and taxes	41.66	47.18
Insurance	27.90	18.20
Administrative and other expenses	1298.73	894.32
Sales and Service expenses	234.65	198.61
Loss on sale of Investments	7900.14	
Less:Provision for diminution utilised	7900.14	-
Research & Development Expenditure (Including Licence & Technical know-how fees written off)	0.66	0.66
Travelling and conveyance	250.14	264.70
	<b>3271.34</b>	<b>2545.50</b>
<b>Total Manufacturing, Administrative &amp; Other Expenses</b>	<b>5953.77</b>	<b>4772.02</b>

## SCHEDULE N : INTEREST & FINANCIAL CHARGES

	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
<b>Interest on loan</b>		
Interest on loan	3592.43	2518.05
Less : Interest Capitalised	(1014.18)	(1557.04)
	2578.25	961.01
Interest received	(430.53)	(68.52)
Interest on Income Tax Refund	(10.00)	0.00
	<b>2137.72</b>	<b>892.49</b>
Bank and other charges	369.24	207.32
<b>Total Interest &amp; Financial Charges</b>	<b>2506.96</b>	<b>1099.81</b>

## SCHEDULE O : TAXES

	For the year ended 31.03.2011 ₹ (Lakhs)	Previous year ended 31.03.2010 ₹ (Lakhs)
Current Tax	471.51	353.59
Excess Provision made earlier written back	(10.42)	0.00
Wealth Tax	60.00	64.00
Deferred Tax Expenses	3047.19	784.34
Less : Deferred tax credit recognised	3047.19	784.34
	-	-
<b>Total Taxes (Net)</b>	<b>521.09</b>	<b>417.59</b>

# Notes forming part of the accounts for the year ended 31st March 2011

## **A. Significant accounting policies:**

### **(i) Basis of Accounting:**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting in accordance with the accounting principles generally accepted in India and in compliance with provisions of the Companies Act, 1956 and comply with the mandatory Accounting Standards (AS) specified in the Companies (Accounting Standard) Rules, 2006, prescribed by the Central Government.

The accounting policies have been consistently applied by the company.

### **(ii) Revenue Recognition:**

- a. Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of product is transferred to the customers, which is generally on dispatch of goods.
- b. Domestic sales include excise duty and are net of sales returns, trade discounts and sales tax.
- c. Export Sales are accounted on the basis of dates of Bill of Lading.
- d. Revenue from services is recognized as and when services are rendered as per terms of contract.
- e. Income from investments / other income is recognized on accrual basis.

### **(iii) Inventories are valued as under :**

- a. Raw materials, Components, Stores & Spares, Loose Tools & Finished Components: At moving weighted average cost or net realizable value which ever is lower.
- b. Finished Goods: At lower of cost or net realizable value inclusive of excise duty thereon.
- c. Work-in-Progress: At lower of estimated cost and net realizable value.
- d. Goods in Transit and under clearance: At lower of actual cost till date (inclusive of customs duty payable thereon) or net realizable value.
- e. Stock of Scrap: At estimated net realizable value.

**(iv) Investments:**

Long term investments are valued at cost less provision for diminution in value, other than temporary, if any.

**(v) Employee Benefits:**

**1. Short Term Employee Benefits:**

All employee benefits falling due wholly within twelve months of rendering service are classified as short term benefits. The benefits like salaries, wages etc. and the expected cost of bonus, ex-gratia, are recognized in the period in which the employee renders the related service.

**2. Post Employment Benefits**

- a. **Defined Contribution Plan:** Defined contribution plan consists of Government Provident Fund Scheme and Employee State Insurance scheme. Company's contribution paid/payable during the year under these schemes are charged to Profit and Loss Account. There are no other obligations other than the contribution made by the company.
- b. **Defined Benefit Plan:** The employees' gratuity schemes and long term compensated absences are the defined benefit plans. Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gain and losses are recognized immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by the reference to market yields at the Balance Sheet date on Government bonds.

**(vi) Fixed Assets:**

1. **Tangibles:** Fixed assets (except free hold land) are stated at cost of acquisition or construction including installation cost, attributable interest and financial cost till such time assets are ready for its intended use, less accumulated depreciation, impairment losses and specific grants received if any. Free hold land is stated at revalued amount.
2. **Intangibles:** Product Development Expenditure and Licence / Technical know-how fees :

Product Development expenditure of capital nature are added to fixed assets. Expenditure on licence and technical know-how fees and other related expenditure towards technological improvement of the products and/or components for captive use are treated as intangible assets. Expenditure of these nature are initially recognized as capital work in progress and eventually transferred to fixed assets block as appropriate on the



commencement of the commercial production after the viability of the product is proven.

**(vii) Depreciation and amortization:**

- a. Depreciation on fixed assets except free hold land is calculated on straight line basis at the rates specified in accordance with the Schedule XIV of the Companies Act, 1956.
- b. Depreciation on fixed assets sold or scrapped during the year is provided up to the month in which such fixed assets are sold or scrapped. Depreciation on additions to fixed assets is calculated on pro-rata basis from the month of addition.
- c. Product Development expenditure and Licence/Technical know-how fees are amortized over a period of 10 years from the accounting year in which the commercial production of such improved product commences.

**(viii) Impairment of Assets:**

In accordance with Accounting Standard 28 (AS 28) on "Impairment of Assets", where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment based on internal/external factors. An impairment loss, if any, is recognized in the Profit & Loss account, wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of the assets is estimated at the higher of its net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

**(ix) Foreign Currency Transactions:**

- a. Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- b. Foreign currency monetary assets and liabilities as on the Balance Sheet date are revalued in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising there-from is charged / credited to the Profit & Loss Account.
- c. Exchange fluctuation gain is accounted as "Other Income" and loss is accounted as "Miscellaneous Expenses".

**(x) Leases**

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognized as assets of the Company on the date of acquisition and depreciated over their estimated useful lives.

Initial direct costs under the finance lease are included as part of the amount recognized as asset under the finance lease.

Rentals payable under operating leases are treated as expenses as and when they are incurred.

**(xi) Customs Duty:**

Customs duty is accounted as and when paid/provided.

**(xii) Borrowing Cost:**

As per Accounting Standard 16 on “Borrowing Costs” borrowing costs that are :  
(a) directly attributable to the acquisition, construction, production of a qualifying asset are capitalized as a part of cost of such asset till the time the asset is ready for its intended use and (b) not directly attributable to qualifying assets are determined by applying a weighted average rate and are capitalized as a part of the cost of such qualifying asset till the time the asset is ready for its intended use. Remaining borrowing costs are recognized as an expense in the period in which they are incurred.

**(xiii) Contingencies and Provisions:**

A provision is recognized when the Company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**(xiv) Taxation:**

Tax expense comprises of current tax and deferred tax charge or credit. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. The deferred tax charge or credit is recognized using prevailing enacted or substantively enacted tax rate. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case law to re-assess realization/ liabilities.

## B. Notes to accounts

### (1) Issued, Subscribed and Paid-up Capital includes :

- a. 15,98,150 equity shares of ₹ 10 each allotted on conversion of debentures into fully paid equity shares.
- b. 6,00,000 equity shares of ₹ 10 each allotted on conversion of term loans/ debentures into fully paid equity shares to financial institutions.
- c. 80,84,910 equity shares of ₹ 10 each allotted as fully paid bonus shares by capitalization of reserves.
- d. 43,04,727 equity shares of ₹ 10 each fully paid, allotted at a premium of ₹ 29.43 per share on conversion of warrants issued on preferential basis.

### (2) In order to appropriately reflect the fair market value of company's land in its books, in July 2010, the Company has revalued its land located at Dombivali, outskirts of Mumbai and Chinchward, Pune. This revaluation has resulted in an increase in gross and net block of Freehold Land by ₹ 501 crores and creation of a revaluation reserve of ₹ 501 crores during the year. The valuation of the land has been done by the external approved valuer.

On the grounds of prudence and as per the legal opinion obtained, the surplus of ₹ 6057.31 lakhs arose upon re-conversion of stock-in trade into land in the financial year 2008-09 continues to be included in the General Reserve of the company and will not be considered for distribution till it is realized.

### (3) Balances of Debtors & Creditors and advances/deposits received from dealers/ customers are as per books of account. Letters have been sent seeking confirmation of balances and replies in some cases are awaited. Adjustments, if any, will be made on receipt of such confirmations.

### (4) Contingent liabilities not provided for, in respect of:

- a. Disputed indeterminate claims made by the employees regarding reinstatement, wages for the period of suspension etc. relating to the past years pending before Industrial Tribunals/High Court.
- b. There are certain disputed excise, custom duty, Income Tax and FEMA demands amounting to ₹ 319.54 lakhs (Previous Year ₹ 834.10 lakhs). The same are being contested by company in appeals at various levels. The company foresees no liability in the above case as the management believes that it has strong case in the appeal.
- c. Additional compensation, if any, in relation to certain demands in Consumer Forum cases, amount unascertained but considered to be insignificant.
- d. Guarantees issued by bank amounting to ₹ 1180.85 lakhs (Previous year ₹ 1080.01 lakhs).

e. Claims against company in taxi refund case amounting to ₹ 16.32 lakhs (Previous Year ₹ 208 lakhs) not acknowledged as debt. The Company has filed a recovery suit in the Bombay High Court against the ex-dealer towards the payment of taxi refunds made.

(5) Estimated amount of contracts remaining to be executed on capital account (net of advances) is approximately ₹ 721.19 lakhs (Previous Year ₹ 1147.08 lakhs.)

**(6) Operating Lease:**

A. Total of the future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

₹ (Lakhs)

Sr. No	Particulars	As on 31.03.2011	As on 31.03.2010
a.	Not later than one year	49.94	56.73
b.	Later than one year but not later than five years	142.21	192.14
c.	Later than five years	NIL	NIL

B. Lease payments recognised in the Profit and Loss Account ₹ 54.77 lakhs (Previous year ₹ 63.98 lakhs)

C. General description of leasing arrangement

i) Leased Assets :- Motor Cars & D.G.Set

ii) Future Lease rentals are determined on the basis of agreed terms.

**(7) Finance Lease**

A. Total of the future minimum lease payments under finance leases for each of the following periods are as follows:

₹ (Lakhs)

Sr. No	Particulars	As on 31.03.2011	As on 31.03.2010
a.	Not later than one year (Present Value ₹ 277.07 lakhs, Previous Year 222.94 lakhs)	315.62	319.86
b.	Later than one year but not later than five years (Present Value ₹ 401.82 lakhs Previous Year ₹ 648.54 lakhs)	446.37	761.99
c.	Later than five years	NIL	NIL

B. General description of leasing arrangement

i) Leased Assets :- D.G. Sets, Machinery

ii) Total lease payments as on Balance Sheet date ₹ 517.44 lakhs (Previous Year ₹ 197.58 Lakhs)

(Present Value ₹ 371.45 Lakhs, Previous Year ₹ 148.50 Lakhs)

- c. The Company has option to buy the assets under finance lease at ₹ 1/- each at the end of the lease period.
- (8)** Company has undertaken a major expansion cum modernization projects. Borrowing cost attributable to above during the year amounting to ₹ 1014.18 lakhs (Previous year - ₹ 1557.04 lakhs ) is capitalized.
- (9)** a. Provision for current tax is made under Minimum Alternate Tax (MAT) as per provisions of section 115 JB of the Income Tax Act, 1961.
- b. The benefit of credit against the payments made towards MAT for the earlier years is available in accordance with the provisions of section 115JAA over a period of subsequent ten assessment years and the same will be accounted for when actually arise.
- c. Estimated Deferred tax asset (net) of ₹ 1448.23 lakhs (Previous year ₹4495.42 lakhs) has not been recognized as a measure of prudence.
- (10)** a. Company's long term investment in PAL Credit and Capital Limited, an RBI registered and listed NBFC promoted by the company, is ₹ 362.22 lakhs (after making provision for diminution in the value of investment of ₹ 289.48 lakhs in the financial year 2007-08) represented by 58,99,169 equity shares of ₹ 10 each fully paid. Considering the intrinsic business value of PAL Credit & Capital Limited and its business synergies to the Company, as well as the holding being in the nature of controlling interest with long term strategies and business revival plan, no further diminution in value is considered necessary.
- b. During the year, Company has sold its holding of 7,90,84,000 equity shares of Pal-Peugeot Ltd (under liquidation) with the approval of the Hon'ble Bombay High Court. This sale has no material impact on the current year's Profit & Loss Account, as in the earlier years, the Company had fully provided for the diminution in value of shares.
- c. The Company has in its possession the share certificates and the blank transfer forms executed by Automobiles Peugeot in respect of 8,40,25,000 equity shares of Pal-Peugeot Ltd. (under liquidation) gifted by them in the year 1999. These shares could not be transferred in company's name as Pal-Peugeot Ltd was not functioning. The Company has filed a petition before the Hon'ble Bombay High Court for permission to transfer the said shares in the name of the Company and the petition is pending for disposal by the Court. Pending completion of the requisite formalities for transfer of shares, these shares are not accounted in the books.

- (11) a. i) Working Capital facilities of ₹ 90 crores (Previous year: ₹ 90 crores) with State Bank of India (SBI) are secured by way of first pari-passu charge on Company's current assets lying in the stores of company premises and godown situated at Mumbai Pune Road, Chinchwad or elsewhere in transit and first pari-passu charge on Company's fixed assets at Chinchwad, Pune (both present and future).
- ii) Working Capital facilities of ₹ 60 crores (Previous year: ₹ Nil ) with State Bank of Hyderabad (SBH) are secured by way of first charge on Company's current assets lying in the stores of company premises and godown situated at Mumbai Pune Road, Chinchwad or elsewhere in transit and second pari-passu charge on the Company's fixed assets located at Chinchwad, Pune (both present and future).
- iii) Working capital facilities of ₹ 20 crores from Federal Bank Ltd. is secured against 1st pari-passu only on the current assets relating to 'RiO' SUV division and second pari-passu charges on all the fixed assets of the Company.
- b. Term Loan of ₹ 30.88 crores (Previous year: ₹ 46.44 crores) from SBI is secured by way of first pari-passu charge on Company's fixed assets (both present and future) at Chinchwad, Pune.
- c. Term Loan of ₹ 8.78 crores (Previous year: ₹ 17.34 crores) from SICOM Ltd., is secured by way of first pari-passu charge on Company's fixed assets at Chinchwad, Pune (both present and future) and Company's land located at Dombivli, Kalyan.
- d. Term loan of ₹ 28.75 crores (previous year ₹ 15 crores ) from SICOM Ltd. Is secured by way of first pari-passu charge by Equitable Mortgage on company's Land located at Dombivali, Kalyan.
- e. Term Loan of ₹ 25 crores (Previous year: ₹ 20 crores) from HDFC Ltd., is secured by way of first pari-passu charge on Company's land located at Dombivli, Kalyan.
- f. Short Term Loan of ₹ 10 crores (Previous Year ₹ Nil) from Sicom Investments & Finance Ltd is secured by way of first pari-passu by Equitable Mortgage on Company's land located at Dombivli, Kalyan.
- g. Corporate Loan ₹ 40 crores (Previous Year ₹ Nil) from The Jammu & Kashmir Bank Ltd., is secured by way of first pari-passu charge on Company's Plant at Chinchwad, Pune, including Land, Building & Machine (both present & future), post dated cheques and also secured by Personal Guarantee of Chairman & Managing Director of the Company.
- h. Short Term Loan of ₹ 15 crores (Previous Year ₹ Nil) from State Bank of Travancore is secured by way of sub-sevient charge on Company's fixed assets (both present and future) at Chinchwad, Pune, post dated cheques



and pledge of promoter's shares in the Company and personal guarantee of Chairman & Managing Director.

- i. Short Term Loan of ₹ 30 crores (Previous Year ₹ Nil) from Canara Bank is secured by way of pledge of promoter's shares in the Company
- j. Bridge Loans of ₹ 26.95 crores (Previous Year ₹ 18 crores) are secured by pledge of the shares of the Company owned by the promoter. The entire pledge of shares by the promoters is solely to facilitate borrowings by the Company to fund its operating needs.

**(12) Manufacturing, Administrative and selling expenses include:**

Sr. No.	Particulars	As on 31.03.2011 ₹ (Lakhs)	As on 31.03.2010 ₹ (Lakhs)
(a)	Remuneration to Auditors		
	1. Statutory Auditors	6.20	6.20
	2. In other capacities : Tax Audit	2.40	2.10
	3. Certification & other matters	6.55	6.05
	4. For expenses	0.24	0.56
(b)	Directors' fees & travelling expenses	12.80	12.40
(c)	Commission on sales	0.50	0.20
(d)	Professional / Legal expenses	229.64	159.33
(e)	Contract Labour	407.74	235.28

**(13) Managerial Remuneration:**

The profit and loss account includes payment/provision on account of remuneration to the managerial personnel as under:

Sr. No	Particulars	As on 31.03.2011 ₹ (Lakhs)	As on 31.03.2010 ₹ (Lakhs)
1	Salary	36.30	36.00
2	Contribution to Provident Fund	4.35	4.32
3	Other Perquisites	12.09	15.50
	<b>Total</b>	<b>52.74</b>	<b>55.82</b>

Notes:

- i. The above figures do not include provision for gratuity and leave encashment for which separate figures are not available as they are included in the Company's total liability for gratuity and leave encashment as per actuarial valuation which is disclosed in note no 14.

- ii. The computation of profit under section 349 of the Companies Act, 1956 is not considered necessary as the managerial remuneration that is paid is minimum remuneration based on the effective capital of the company as prescribed under Schedule XIII of the said Act.
- iii. Commission payable to the non-executive director amounting to ₹ 31.50 lakhs (Previous year ₹ 31.50 lakhs) is in accordance with the approval granted by the Ministry of Corporate Affairs, The Government of India vide its letters dated 8th April, 2008 and 25th April, 2008.

**(14) Employee Benefits:**

Defined Benefit Plans/Long term Compensated Absences as per Actuarial Valuation :

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
A	Expense recognised in the Statement on Profit & Loss Account for the year ended March 31 '11				
1	Current Service Cost	37.21	25.26	41.74	31.57
2	Interest Cost (on PBO as of 31.03.2011)	32.15	28.68	12.66	19.06
3	Employee Contributions	-	-	-	-
4	Expected return on plan assets	-	-	-	-
5	Actuarial (Gains)/ Losses	66.21	(5.44)	57.13	5.55
6	Past service cost	-	-	-	-
7	Settlement cost	-	-	-	-
8	Total Expense	135.57	48.50	111.53	56.18
B	Net Asset/(Liability) recognised in the Balance Sheet as at March 31 '11				
1	Present value of Defined benefit obligation as at March 31 '11	468.82	428.68	254.84	168.84
2	Fair value of plan assets as at March 31 '11	-	-	-	-
3	Funded status surplus/(Deficit)	UNFUNDED	UNFUNDED	UNFUNDED	UNFUNDED
4	Net asset/ (liability) as at March 31 '11	(468.82)	(428.68)	(254.84)	(168.84)
C	Change in obligation during the year end March 31 '11				
1	Present value of Defined benefit obligation at the beginning of the year 01.04.2010	428.68	409.50	168.84	126.88
2	Current Service cost	37.21	25.26	41.74	31.56
3	Interest cost ( on PBO as of 31.03.2010)	32.15	28.68	12.66	19.06
4	Settlement cost	-	-	-	-
5	Past service cost	-	-	-	-
6	Employee contributions	-	-	-	-
7	Actuarial (Gains)/ Losses	66.21	(5.44)	57.13	5.55
8	Benefits payments	(95.45)	(29.32)	(25.53)	(14.22)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
9	Present value of Defined benefit obligation at the end of the year	468.82	428.68	254.84	168.84
<b>D Change in Assets during the year ended March 31 '11</b>					
1	Plan assets at the beginning of the year 01.04.2010	-	-	-	-
2	Assets acquired in amalgamation in previous year	-	-	-	-
3	Settlements	-	-	-	-
4	Expected return on plan assets	-	-	-	-
5	Contributions by Employees	-	-	-	-
6	Actual benefits paid	NA	NA	NA	NA
7	Actuarial gains / (losses)	NA	NA	NA	NA
8	Plan assets at the end of the year	-	-	-	-
9	Actual return on plan assets	NA	NA	NA	NA
<b>E The Major categories of plan assets as a percentage of total plan</b>					
	Qualifying insurance policy	-	-	-	-
<b>F Effect of one percentage point change in the assumed medical inflation rate</b>					
1	Increase/ (Decrease) on aggregate service and interest cost of post employment medical benefits	NA	NA	NA	NA
2	Increase/(Decrease) on present value of Defined benefit obligation as at March 31 '11	NA	NA	NA	NA
<b>G Actuarial Assumptions</b>					
1	Discount rate	7.50%	7.75%	7.50%	7.75%
2	Expected rate of return on plan assets	NA	NA	NA	NA
3	Mortality pre retirement	LIC(94-96)	LIC (94-96)	LIC(94-96)	LIC (94-96)
4	Mortality post retirement	NA	NA	NA	NA
5	Turnover rate	1%	1%	1%	1%
6	Medical / premium Inflation	NA	NA	NA	NA

- (15) The Company continues with the product development of its existing light commercial vehicles such as Van & Pick- up trucks based on the market feedback. Both these products and its variants are gaining acceptance in the market. The commercial and technical feasibility of the product will be achieved on sale volume of 2000 pick-up trucks and 1000 vans as envisaged.

The Company has successfully introduced “India’s First Compact Diesel SUV” under the brand name “Premier RiO”. The Company has received good response for this product. Development of this product for meeting specific Indian condition and market need is progressing satisfactorily.

The Company has commissioned a dedicated assembly line for “Premier RiO” having an annual capacity of 30,000 vehicles to take care of the market demand. Trial production has commenced on this line.

In the meanwhile (a) the product development expenditure including licence/ technical know-how fees and pre-launch expenses incurred thereon has been shown as capital work in progress (b) Painted bodies/body parts of vehicles are imported and assembled with indigenous body parts, other sub-assemblies & components, which have been sold and accounted as sales.

**(16) Segment Reporting:**

Information given in accordance with the requirement of Accounting Standard 17, on Segment Reporting.

**Company’s business segments are as under:**

**(i) Engineering:**

Engaged in Engineering, manufacturing of machine tools of gear cutting, vertical and horizontal machining centre and special purpose machines. Specialized engineering solution for various applications, machining of precision components, sub-assemblies.

**(ii) Automotive:**

Automotive segment consists of two distinct activities viz. assembly of vehicles from imported painted bodies (already commenced) and indigenous production of vehicle bodies (yet to commence). During the year the company has undertaken only the assembly of the vehicles from imported painted bodies and indigenous production activity of bodies has not commenced.

**Segment Accounting Policies:**

Segment accounting disclosures are in line with accounting policies of the Company. However, the following specific accounting policies have been followed for segment reporting.

- i. Segment Revenue includes Sales and other income directly identifiable with/ allocable to the segment.
- ii. Expenses that are directly identifiable with /allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under “Un-allocable expenditure”.
- iii. Income which relates to the Company as a whole and not allocable to segments is included in “Un-allocable Income”.
- iv. Segment assets and liabilities include those directly identifiable with the respective segments.
- v. The Company has no Secondary Reportable Segment.

**Segment Results:** Information about primary business segments:

Sr. No.	Description	As on 31.03.2011 ₹ (Lakhs)	As on 31.03.2010 ₹(Lakhs)
<b>1</b>	<b>Segment-wise Revenue</b>		
	1. Engineering	20013.37	14201.66
	2. Automotive	4398.54	2967.29
	<b>Total</b>	<b>24411.91</b>	<b>17168.95</b>
	Less: Inter Segment Revenue	-	-
	<b>Gross Sales/Income from operation</b>	<b>24411.91</b>	<b>17168.95</b>
<b>2</b>	<b>Profit / ( Loss ) before tax &amp; interest</b>		
	1. Engineering	5649.57	4013.96
	2. Automotive	(69.78)	(164.47)
	<b>Total</b>	<b>5579.79</b>	<b>3849.49</b>
	Less: Interest (Net)	2506.96	1099.81
	Other Un-allocable expenditure net off income	707.04	669.15
	<b>Net Profit before tax</b>	<b>2365.79</b>	<b>2080.53</b>
	Less: Taxes	521.09	417.59
	<b>Net Profit after tax</b>	<b>1844.70</b>	<b>1662.94</b>
<b>3</b>	<b>Segment Assets</b>		
	1. Engineering	38422.16	31040.94
	2. Automotive	14958.73	11300.74
	3. Not allocated – Corporate	59447.92	8653.48
	<b>Total Assets</b>	<b>113548.81</b>	<b>50995.16</b>
<b>4</b>	<b>Segment Liabilities</b>		
	1. Engineering	6947.85	4831.79
	2. Automotive	2814.21	4435.76
	3. Not allocated – Corporate	3517.42	2765.00
	<b>Total Liabilities *</b>	<b>13279.48</b>	<b>12032.55</b>
<b>5</b>	<b>Capital Expenditure **</b>		
	1. Engineering	4339.27	6144.29
	2. Automotive	2983.76	1881.42
	3. Not allocated – Corporate **	51140.91	31.27
<b>6</b>	<b>Depreciation</b>		
	1. Engineering	1078.21	550.49
	2. Automotive	77.44	70.42
	3. Not allocated – Corporate	11.98	11.28

<b>7 Non cash expenses other than depreciation</b>		
1. Engineering	0.66	89.76
2. Automotive	---	---
3. Not allocated – Corporate	---	---

\* Total Liabilities exclude Secured loans ₹ 26183.01 lakhs (Previous year ₹ 16288.79 lakhs) and Unsecured loans ₹ 3546.93 lakhs (Previous year ₹ 3843 lakhs).

\*\* Unallocated Capital employed includes ₹ 50100 lakhs arising out of revaluation of land.

**(17)** Additional information pursuant to paragraphs 4(C) and 4(D) of Para II of Schedule VI of the Companies Act ,1956.

**A. Details of licensed and installed capacities, production, stocks and turnover**

**(a) Licensed and Installed capacities and production:**

Class of goods	Installed capacities*		Production	
	Per annum			
	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010
1. Vehicles	45000	15000	708**	391**
2. Engineering (including Machine Tools)	7,43,580 Hrs	5,71,455 Hrs.	101***	69***

\* As certified by Management and accepted by the Auditors being technical matter.

\*\* Production of vehicles for this year includes 7 nos (Previous Year: 01 no) of vehicles internally capitalized.

\*\*\* Production of machine for this year includes 1 nos (Previous year: 07 nos) of machines internally capitalized.

The Company's products are exempt from licensing requirements.



**(b) Stock and Turnover**

Sr. No.	Class of goods	Opening Stock as on 01.04.2010		Closing Stock as on 31.03.2011		Turnover as on 31.03.2011	
		Nos.	₹ (Lakhs)	Nos.	₹ (Lakhs)	Nos.	₹ (Lakhs)
i)	Vehicles	14 (8)	50.65 (27.53)	73 (14)	355.03 (50.65)	649 (385)	4394.68 (2955.60)
ii)	Engineering	13 (23)	332.76 (816.20)	8 (13)	264.35 (332.76)	110 (79)	19608.80 (14002.81)
iii)	Scrap	- -	0.00 (1.09)	- -	- -	- -	408.43 (210.54)
iv)	Export Incentives	- -	- -	- -	- -	- -	- -
<b>Total</b>		<b>27 (31)</b>	<b>383.41 (844.82)</b>	<b>81 (27)</b>	<b>619.38 (383.41)</b>	<b>759 (464)</b>	<b>24411.91 (17168.95)</b>

(Figures in brackets are for previous year)

**B. CIF Value of imports (including capitalized items)**

Sr. No.	Particulars	As on 31.03.2011 ₹ (Lakhs)	As on 31.03.2010 ₹(Lakhs)
a)	Raw Materials: Metal Components	2997.56	1361.08
b)	Capital goods	477.61	0.00

**C. Expenditure and Earning in Foreign Currency**

Sr. No.	Particulars	As on 31.03.2011 ₹(Lakhs)	As on 31.03.2010 ₹(Lakhs)
a)	Expenditure in foreign currency		
	1. Traveling expenses	20.45	31.22
	2. Others	15.46	31.74
b)	Earnings in foreign currency (including deemed exports) FOB value of exports	70.85	55.94

**D. Details of Raw materials and components consumed:****(a) Raw materials consumed (including components)**

Sr. No.	Particulars	Quantity (MT)	Value ₹ (Lakhs)
i)	Ferrous metal	965 (719)	678.83 (523.92)
ii)	Non-ferrous metal	5.001 (2.8)	36.40 (16.99)
iii)	Components (including Labour and Conversion charges ₹ 797.04 lakhs, (previous year ₹ 510.45 lakhs)	- -	8885.36 (5384.06)
iv)	Engineering Services	- -	3156.80 (1537.41)
<b>Total</b>			<b>12757.39</b> <b>(7462.38)</b>

(Figures in brackets are for previous year)

**(b) Imported and indigenous raw materials consumed (including components):**

Sr. No.	Particulars	As on 31.03.2011 ₹ (Lakhs)	As on 31.03.2010 ₹ (Lakhs)	As on 31.03.2011 (%)	As on 31.03.2010 (%)
i)	Imported	2308.60	629.07	18	8
ii)	Indigenous	10448.79	6833.31	82	92
<b>Total</b>		<b>12757.39</b>	<b>7462.38</b>	<b>100</b>	<b>100</b>

**(18) Related Party Disclosures:****a. List of related parties with whom transactions have taken place and relationships:****1) Associate Companies:**

1. Doshi Holdings Pvt. Ltd.
2. PAL Credit & Capital Ltd.

**2) Key Management Personnel**

1. Mr. Maitreya Doshi

**3) Director**

1. Mr. Udo Weigel

**4) Relative of Key Management****Personnel**

1. Mrs. Saryu Doshi
2. Mrs. Rohita Doshi
3. Mrs. Kavita Khanna

**b. Transactions during the year with and balance outstanding as at the end of the year with the related parties as follows :**

₹ (Lakhs)

Sr. No.	Nature of Transactions	31 <sup>st</sup> March 2011			31 <sup>st</sup> March 2010		
		Associate Companies	Key Management Personnel	Directors / Relative to Key Management Personnel	Associate Companies	Key Management Personnel	Directors / Relative to Key Management Personnel
A. Transactions during the year							
1	Inter Corporate deposit received	20.00	-	-	250.00	-	-
2	Interest on FD taken	-	-	-	-	-	-
3	Fixed deposit received	-	-	215.00	-	-	50.00
4	Repayment of fixed deposit	31.00	-	-	270.00	-	-
5	Interest on fixed deposit	10.80	-	45.61	16.88	-	23.14
6	Managerial compensation	-	-	-	-	-	-
7	Money received for convertible warrants	-	-	-	-	-	-
8	Consultancy Fees / Expenses	-	-	19.95	-	-	-
B. Year end balances							
1	Inter Corporate Deposit received	69.00	-	-	80.00	-	-
2	Fixed Deposit received	-	-	443.00	-	-	228.00

**(19) Provisions:**

₹ (Lakhs)

Particulars	Opening Balance 01.04.2010	Additions during the year	Amount paid / Adjusted during the year	Closing Balance 31.03.2011
Leave Encashment	168.84	111.53	25.53	254.84
Gratuity	428.70	135.57	95.45	468.82
Dividend	820.06	820.06	820.06	820.06
Provision for doubtful debts	563.35	---	---	563.35
Provision for warranty	35.69	24.28	---	59.97
Early retirement benefit	178.62	---	54.31	124.31

**(20) Earnings per Share (EPS) :**

Sr. No.	Particulars	As on 31.03.2011		As on 31.03.2010	
		Basic	Diluted	Basic	Diluted
(a)	No. of Shares	30372570	30372570	30372570	30372570
(b)	Net Profit (₹ Lakhs)	1844.70	1844.70	1662.94	1662.94
(c)	Earning per share (₹)	6.07	6.07	5.48	5.48

**(21) Unhedged Foreign Currency Exposure:**

Sr. No.	Particulars	Currency	Foreign Currency	Amount in INR (₹ Lakhs)
(a)	Sundry Creditors (Imports)	USD	507383.57 (1094327)	226.55 (498.81)
(b)	Sundry Creditors (Imports)	JPY	26544000 (26544000)	143.39 (130.06)
(c)	Sundry Creditors (Imports)	EURO	68764.55 (0.00)	43.49 (0.00)

(Figures in brackets are for previous year)

**(22)** There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the Company has neither paid nor payable any interest to any Micro, Small and Medium Enterprises on the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**(23)** Previous year figures have been regrouped and/or rearranged wherever necessary.

(Signature to Notes and Schedules "A" to "O")

As per our Report attached  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
**Raghuvir M. Aiyar**  
 Partner (M No. 38128)  
 Place: Mumbai  
 Date: 21st April '11

**Maitreya Doshi**  
 Chairman & Managing Director  
**S. Padmanabhan**, Director  
**Asit Javeri**, Director

**Rohita Doshi**, Director  
**Kavita Khanna**, Director  
**Dilip J. Thakkar**, Director

**Ramesh Tavhare**  
 Vice President (Finance & Legal)  
 & Company Secretary  
 Place: Mumbai  
 Date: 21st April '11

# Cash Flow Statement for the year ended 31st March 2011

	Year ended 31.03.2011 ₹ (Lakhs)	Year ended 31.03.2010 ₹ (Lakhs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & Exceptional items	2365.79	2080.53
<b>Adjustments for :</b>		
Depreciation	1167.63	632.19
Interest and Financial Charges	2506.96	1099.81
Interest/Dividend Income	(0.05)	(0.06)
Research & Development Expenditure Written off	0.66	0.66
Early retirement benefit written off	0.00	89.10
Gain on sale of Fixed Assets (Net)	(0.92)	(74.98)
	<b>3674.28</b>	<b>1746.72</b>
<b>Operating profit before Working Capital Changes</b>	<b>6040.07</b>	<b>3827.25</b>
<b>Adjustments for :</b>		
Trade & Other Receivables	(2814.88)	(876.27)
Inventories	(848.13)	(1806.97)
Trade Payable & Provisions	704.92	3266.03
	<b>(2958.09)</b>	<b>582.79</b>
<b>Cash generated from Operations</b>	<b>3081.98</b>	<b>4410.04</b>
Direct Taxes Net Received / (Paid)	(179.15)	(410.46)
<b>Net Cash Flow from Operating Activities ( A )</b>	<b>2902.83</b>	<b>3999.58</b>

	Year ended 31.03.2011 ₹ (Lakhs)	Year ended 31.03.2010 ₹ (Lakhs)
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	93.15	125.69
Addition to Fixed Assets	(3164.50)	(8441.27)
Addition to Capital Work in Progress	(5076.75)	384.29
Dividend Received	0.05	0.06
<b>Net Cash flow from Investing activities (B)</b>	<b>(8148.05)</b>	<b>(7931.23)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inter-Corporate deposits availed / (repaid)	(691.07)	4565.00
Proceeds from long term borrowings	11192.21	3368.70
Repayment of long term borrowings	(1146.79)	(1921.00)
Proceeds from Inter-Corporate Deposits / Fixed Deposits	395.00	48.00
Cash Credit from Banks	(151.20)	684.70
Dividend paid during the year	(923.37)	(856.34)
Interest Paid	(2549.03)	(1120.45)
<b>Net Cash flow from Financing activities (C)</b>	<b>6125.75</b>	<b>4768.61</b>
<b>Net increase in Cash &amp; Cash equivalents [ A+B+C ]</b>	<b>880.53</b>	<b>836.97</b>
Opening Balance Cash & Cash Equivalent	1447.26	610.29
Closing Balance Cash & Cash Equivalents	2327.79	1447.26

As per our Report attached  
**For K. S. Aiyar & Co.**  
Chartered Accountants  
**Raghuvir M. Aiyar**  
Partner (M No. 38128)  
Place: Mumbai  
Date: 21st April '11

**Maitreya Doshi**  
Chairman & Managing Director  
**S. Padmanabhan**, Director  
**Asit Javeri**, Director

**Rohita Doshi**, Director  
**Kavita Khanna**, Director  
**Dilip J. Thakkar**, Director

**Ramesh Tavhare**  
Vice President (Finance & Legal)  
& Company Secretary  
Place: Mumbai  
Date: 21st April '11

# Balance Sheet Abstract and Company's General Business Profile

<b>I Registration Details :</b>	
CIN Registration No.	25-020842
State Code	25
Balance Sheet Date	31.03.2011
<b>II Capital Raised during the year</b>	<b>Amount (₹ thousand)</b>
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Private Placement	Nil
Preferential issue	Nil
Amount upfront received against warrants	Nil
<b>III Position of Mobilisation and Deployment of Funds</b>	<b>Amount (₹ thousand)</b>
Total Liabilities	9954933
Total Assets	9954933
<b>Sources of Funds :</b>	
Paid-up Capital	303995
Reserves & Surplus	6677944
Secured Loans	2618301
Unsecured loans	354693
<b>Application of Funds :</b>	
Net Fixed Assets	7573795
Investments	36297
Net Current Assets	893660
Misc. Expenditure	1567
Accumulated Losses	Nil
<b>IV Performance of Company</b>	<b>Amount (₹ thousand)</b>
Turnover	2441191
Total Expenditure	2204612
Profit before tax	236579
Profit after tax	184470
Earning per share (₹)	6.07
Dividend Rate	27%
<b>V Generic Names of Principal Products/Services of Company (as per monetary terms)</b>	
Item Code No. (ITC Code)	87.03
Product Description	Motor Cars
Item Code No. (ITC Code)	84.61
Product Description	Machine Tool



# **Engineering**

# **Automotive**



**PREMIER LTD.**

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