



PREMIER LTD.

64th Annual Report | 2009-10

MACHINE TOOL



▲ Technology centre in Pune

▼ New machine tool high bay



▼ Oxyfuel CNC profile cutting machine



▼ Engineering shop floor for wind turbine components



▼ Wind turbine stator carrier : Finished Weight 2177 kgs



▼ 3 dimensional co-ordinate measuring machine



Contents

Board of Directors & Senior Management Team	1
Letter to Shareholders	2
Notice	3
Directors' Report	9
Highlights	13
Management Discussion and Analysis Report	14
Report on Corporate Governance	24
Auditors' Report	37
Balance Sheet	41
Profit & Loss Account	42
Schedules & Notes	43
Cash Flow Statement	67
Company's General Business Profile	69
Attendance Slip and Proxy Form	70

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Barakhamba Lane

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Compliance Officer

Ramesh Tavhare

Vice President (Finance & Legal)
& Company Secretary

Statutory Auditors

K. S. Aiyar & Co.

Chartered Accountants

Internal Auditors

Jayesh Dadia & Associates

Chartered Accountants

Solicitors

Crawford Bayley & Co.

Kanga & Co.

AZB & Partners

AMC Law Firm

Economic Laws Practice

Bankers

State Bank of India

Registrar and Transfer Agents

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills

Compound, LBS Marg

Bhandup (W), Mumbai - 400 078

Tel: 022-25946970-78

Fax: 022-25946969

Email: rnt.helpdesk@linkintime.co.in

Board of Directors

Maitreya Doshi

Chairman & Managing Director

S. Padmanabhan

IAS (Retd.) / Advisor

Asit Javeri

Industrialist

Rohita Doshi

Computer Engineer

Rohan Shah

Solicitor

Udo Weigel

Machine Tool Technologist

Kavita Khanna

Management Consultant

Dilip Thakkar

Chartered Accountant

Senior Management Team

President

M. D. Adhikari

Vice Presidents

K. G. Rathi

Engineering Division

Rakesh Mehta

Vehicles Division

D. D. Mulherkar

Machine Tool Division

R. G. Kundalkar

Machine Tool (Projects)

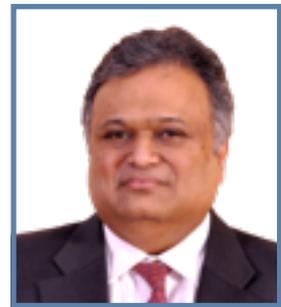
V. J. Shah

Machine Tool (Technical Advisor)

Ramesh Tavhare

Finance, Legal & Company Secretary

Letter to Shareholders



Dear Shareholders,

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

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

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

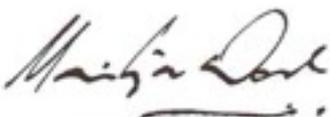
Our five year vision for the Machine Tool business is to achieve further market dominance in our segments and become the industry leader in India. Thereafter we seek a global footprint through overseas acquisitions. In Engineering we want to grow exponentially by adding major clients and product lines.

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

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

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

With regards,

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

Maitreya Doshi
Chairman

Notice

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

Ordinary Business:

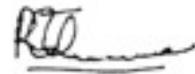
1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date along with the reports of the Auditors and the Board of Directors.
2. To declare dividend for the year ended 31st March, 2010.
3. To appoint a Director, in place of Mr. S. Padmanabhan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director, in place of Mrs. Rohita Doshi who retires by rotation and being eligible, offers herself for reappointment.
5. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s K.S. Aiyar & Co., Chartered Accountants be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax and out-of-pocket and/or travelling expenses as may be determined by the Board of Directors on the recommendation of the Audit Committee of the Board."

Special Business:

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Dilip Thakkar, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for office of director, under the provisions of the Section-257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in supersession of the previous resolution passed at the 47th Annual General Meeting of the Company held on 23rd December, 1991 and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, and the applicable provisions of the Articles of Association of the Company, the consent of the Company in General Meeting, be and is hereby accorded to the Board of Directors of the Company, borrowing at any time or from time to time, with or without security and upon such terms and conditions as the Board may think fit, any sum or sums of moneys, which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, provided that the total amount so borrowed by the Company and outstanding shall not at any time exceed Rs.500 crores (Rupees Five Hundred Crores)."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such statutory approvals as may be required, consent of the Company be and is hereby accorded to appoint Dr. Udo Weigel, Director of the Company, to provide professional services as Advisor/Consultant to the Company for a period of one year from 27th March, 2010 to 26th March, 2011, on payment of 400 Euros per day as consultancy fees for consultancy/services rendered in India or abroad along with expenses for travelling, lodging and boarding, reimbursement of incidental and out of pocket expenses incurred by him in connection with the Company’s business, for travel in India or outside India for any assignments of the Company with authority to the Board of Directors to review, alter or vary the same from time to time.”
9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and other approvals as may be required and subject to the modifications and terms and conditions as may be prescribed by the Central Government while granting such approvals, the consent of the Company be and is hereby accorded for payment of commission to the Non-Executive Directors of the Company at the rate of Rs.4,50,000/- (Rupees four lakhs fifty thousand only) per director per annum for a period of 3 years commencing from the financial year ending 31st March, 2011.”

By Order of the Board,



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

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

28th April, 2010

Notes:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing a proxy and the power of attorney, if any, under which it is signed, should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Annual General Meeting.

- 2.** The Register of Members and Share Transfer Books will remain closed from Saturday, the 21st August, 2010 to Monday, the 30th August, 2010 (both days inclusive) for payment of dividend on equity shares.
- 3.** The dividend on Equity Shares, if declared at the ensuing Annual General Meeting, will be paid on or after 30th August, 2010 to those Members whose names shall appear on the Company's Register of Members on 20th August, 2010. In respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
- 4.** If members holding shares in physical form, wish to receive dividend through Electronic Clearing Services (ECS), kindly provide your bank account details along with photocopy of the cancelled cheque bearing the 9-Digit MICR code number of the bank where the account is held, to our Registrar and Transfer Agents, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai – 400 078, so that dividend can be remitted to the credit of their bank account through ECS facility, provided such facility is available in your locality.
- 5.** Members holding shares in dematerialized form are advised to inform their bank account details/confirm correctness of such details already provided to their respective Depository Participants along with the 9-Digit MICR code number of the bank where the account is held so that the dividend can be remitted to the credit of their bank account through ECS facility, provided such facility is available in your locality.
- 6.**
 - i) Members/Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting.
 - ii) Members holding shares in physical form, may write to the Company's Registrar and Transfer Agents for any change in their address and bank mandates and members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their contact address.
 - iii) Members are requested to send all communications relating to shares to the Company's Registrar and Transfer Agents (Physical and Electronic) at Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai – 400 078.
 - iv) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 7.** Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund.

Details of dividend declared from the year 2004-05 onwards are given below:

Financial Year	Declared on	Dividend %	Dividend / share (Rs.P.)
01-04-2004 to 31-03-2005	29-07-2005	15	1.50
01-04-2005 to 31-03-2006	11-08-2006	15	1.50
01.04.2006 to 31.03.2007	22-06-2007	20	2.00
01.04.2007 to 31.03.2008	27-06-2008	25	2.50
01.04.2008 to 31.03.2009	26-06-2009	25	2.50

Members, who have not encashed the dividend warrants for the above years, are requested to write to the Company giving the necessary details.

The equity shares of the Company are listed on Bombay Stock Exchange Ltd., P. J. Towers, Dalal Street, Mumbai - 400 001 and National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. The listing fees have been paid up-to-date to these Exchanges.

8. Mr. S. Padmanabhan and Mrs. Rohita Doshi retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Brief resume of all directors including those proposed to be appointed/reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the memberships, chairmanships of Board committees and their shareholding as stipulated under clause 49 of the listing agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of this Annual Report.

Explanatory Statement:

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

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

Item No.6

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

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

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

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

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

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

Item No.7

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

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

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

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

Item No.8

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

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

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

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

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

Item No.9

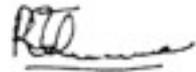
The Company paid commission to the Non-Executive Directors for a period of five years from 2005-2006 to 2009-2010.

Since the Company seeks services of the Non-Executive Directors besides attending Board Meetings, it is proposed to pay commission for a period of three years @ Rs.4,50,000/- per Director per annum commencing from the year 2010-2011 to 2012-2013. Pursuant to Section 309 of the Companies Act, 1956, it is necessary to obtain approval of the shareholders for payment of commission to Non-Executive Directors of the Company. We would seek consent of the Central Government after the proposal is approved by the shareholders.

The Board recommends the passing of the Special Resolution as set out in Item No.9 of the accompanied notice.

The Non-Executive Directors are deemed to be concerned or interested in the resolution. Mr. Maitreya Doshi being relative of Mrs. Rohita Doshi may be deemed to be 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

28th April, 2010

Directors' Report

To The Members

Your directors are pleased to present the 64th Annual Report and the audited accounts for the financial year ended 31st March, 2010.

1. Financial Results

The financial performance of the Company for the financial year ended 31st March, 2010 is summarized below:

	Rs. (Lakhs)	
	2009-10	2008-09
Profit (from operations) before Depreciation, Interest & Tax	3812.53	2705.84
Less: Interest	1099.81	670.93
Depreciation	632.19	331.50
Profit (from operations) before Tax	2080.53	1703.41
Add/(Less):Exceptional item	-	(49.46)
Profit before tax	2080.53	1653.95
Add/(Less):		
Excess/(short) provision for tax for earlier years	-	(24.82)
Less: Provision for current taxation	417.59	250.39
Provision for Fringe Benefit Tax	-	17.76
Profit after Tax	1662.94	1360.98
Add: Balance in Profit and Loss Account	894.68	872.06
Amount Available for Appropriation	2557.62	2233.04
Appropriations:		
Dividend on Equity Shares	820.06	759.31
Tax on dividend	139.37	129.05
General Reserve	175.00	450.00
Balance carried to Balance Sheet	1423.19	894.68

During the year under review, the Company has shown a rise of 17.90% in gross sales to Rs.171.68 crores. The profit before depreciation, interest and tax has gone up by 40.90% to Rs.38.12 crores from Rs. 27.06 crores in the previous year.

2. Dividend

The Directors recommend the dividend at 27% (i.e. Rs.2.70 per share) on equity shares for the year ended on 31st March, 2010. The payment of dividend will be subject to the approval of the shareholders at the ensuing annual general meeting.

3. Operations & Management Discussion and Analysis

The current year's operations are covered in detail 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. Jagdish Khanna resigned from the Board after a long association with the Company. The Board places on record its deepest appreciation of the valuable services rendered by Mr. Jagdish Khanna as an Independent Director and also as the Chairman of the Audit Committee of the Company.

The Board was pleased to appoint Mr. Dilip J. Thakkar as an Additional Director of the Company. Mr. Thakkar is an eminent Chartered Accountant and Senior Partner of Jayantilal Thakkar & Co. Mumbai, and Jayantilal Thakkar & Associates, Mumbai.

Mr. S. Padmanabhan and Mrs. Rohita M. Doshi 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. Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forms a part of the Directors' Report. As per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Shareholders of the Company, excluding the statement of particulars of employees u/s 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company.

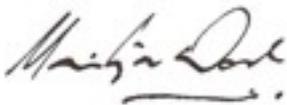
9. Auditors

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.

10. 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

28th April, 2010

Mumbai

Annexure to Directors' Report

Conservation of energy

In view of acute energy shortages, the Company has taken special efforts for energy conservation. For this purpose, the power factor is continuously monitored and maintained to 1.00 (Unit) power on daily basis. The Company has done clubbing of air compressor 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 while developing the new assembly line for RiO. New energy efficient T5 lights are being fitted in the RiO assembly line for energy conservation. Transparent sheets are being installed in the roof area of the RiO assembly line which provides sufficient lighting on the shop floor during day-time, thereby reducing power consumption, by making use of natural light. Employee awareness is created to use electrical energy efficiently by adopting good shop floor practices.

Expenditure on R&D

Rs. (Lakhs)		
Particulars	2009-10	2008-09
Recurring expenses on R&D project	16.33	16.99
Total R&D expenditure as a % of total turnover	0.10%	0.12%

Foreign exchange earnings and outgo

Rs. (Lakhs)		
Particulars	2009-10	2008-09
Foreign Exchange Earnings :		
FOB Value of Exports	55.94	204.37
Foreign Exchange Outgo :		
Imports (CIF value)	1361.08	2149.85
Foreign Travel	31.22	15.17
Others	31.74	24.94
Total	1424.04	2189.96

Technology absorption

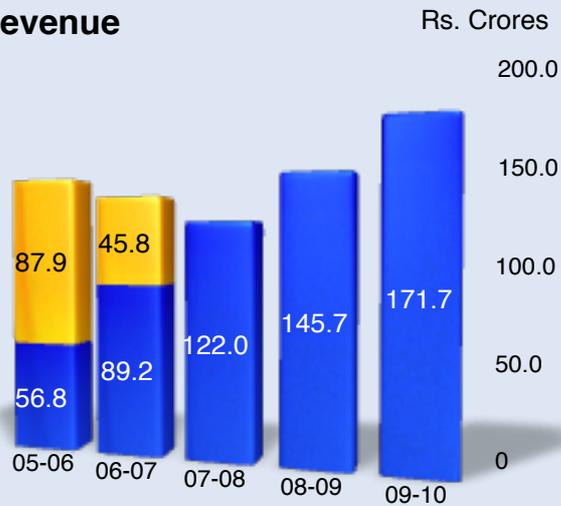
CNC vertical turning centres with hydrostatic bearings for table length more than 2.5 mtrs is developed in-house. New series of double column vertical turning centres with double ram suitable for grinding application has also been developed in-house.

5 axis gear shaping machine has been developed for special application like aerospace. Continuous efforts are being made to improve productivity on modern machines by training operatives for exposure to modern cutting tools, introducing fixtures and optimizing the CNC programme and parameters.

With this, there is further improvement in productivity by 15% with respect to the previous year. The critical welding technology for wind mill parts and machining has been developed in house.

Highlights

Revenue

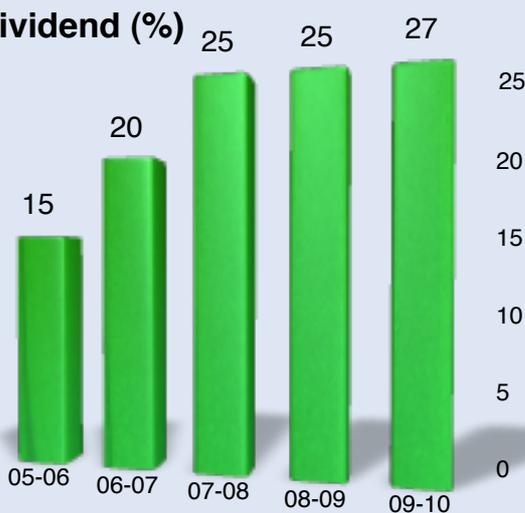


■ From Operations ■ From Real Estate

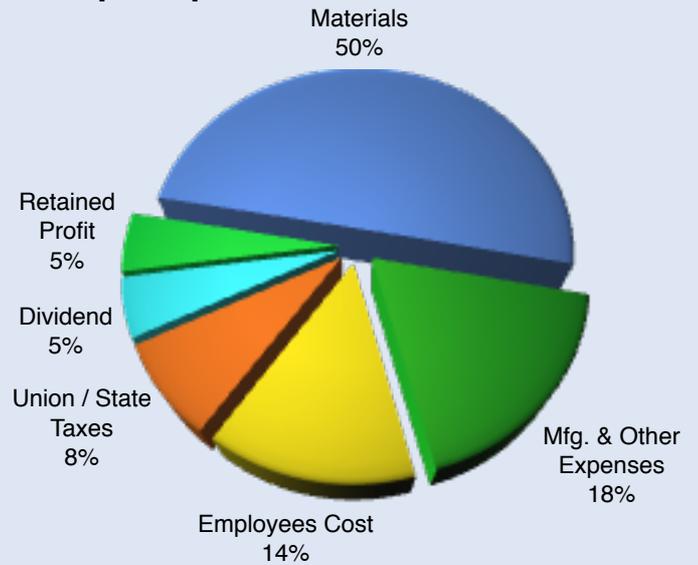
EBITDA (operations)



Dividend (%)



Rupee Spent



Net Worth



■ Share Capital ■ Reserves

Debt Equity Ratio





Management Discussion & Analysis Report

Financial Review

Sales Growth

In 2009-10, the Company reported a gross sales of Rs.171.68 crores; an increase of 17.90% over the previous year. The tempo of growth is expected to be maintained in the coming year due to the improved business situation and better operating efficiency.

Profit & Margin Growth

The profit from operations before depreciation, interest and tax, was Rs.38.12 crores as against Rs.27.06 crores; a healthy growth of 40.9%. This profit growth is expected to be maintained in the future. The Management is taking steps to improve the performance of the Company.

Costs

Interest cost has increased from Rs.6.71 crores to Rs.11.00 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 networth as on 31st March, 2010, is Rs.188.31 crores. The long term debt is Rs.144.89 crores and total debt is Rs.201.32 crores. The debt-equity ratio is 1.07:1 and the term debt to net worth ratio is 0.77:1. Most of the Company's current investment plans are already completed. Therefore, further substantial increase in borrowing is not foreseen. The Company's Current ratio is 1.45:1.

Capital Expenditure

During the year, the Company incurred capital investment of Rs.73 crores towards factory buildings, plant & machinery and equipment.

In 2005, the total shed space was 1,38,634 sq.ft. This has increased to more than 5,50,000 sq.ft. demonstrating the substantial growth in activities at the Company's factory site.

Segment Review

The Company operates in two segments: Engineering and Automotive. The Engineering segment has two activities. Machine Tool and Engineering. The Automotive segment consists of Light Utility Vehicles and Sports Utility Vehicles. The business of these activities is analyzed below:



New Assembly Line for Vertical Machining Center

Machine Tools

Industry Structure & Outlook

Signs of improvement in the Indian economy were apparent since the beginning of the financial year 2009. However the real market confidence was felt from the second half of the year. In the first half, investment in capital goods was done very cautiously while in the second half, there was a marked improvement in order booking. Anticipating this improvement, the Company ramped up its manufacturing and procurement activity.

The business situation for 2010-2011 appears to be very encouraging. The Automobile and Auto Ancillary industries are showing dramatic growth and are expected to substantially boost our gear cutting machine business that had suffered considerably during the slowdown period in '08-'09.

The Government's thrust on the infrastructure and power sectors will create good opportunities for larger machine tools. There is a good scope for heavy machines as Railways, Defence, PSUs, etc. are implementing their modernization plans.

The Indian machine tool manufacturers have to face an intense competition from foreign suppliers who are very active in India. However, the Indian machine tool industry is equipped to meet this threat as it is considerably more modernized.

Machine Tool Performance

During the year the Company sold 79 machines against 64 machines in the previous year. The overall turnover was higher by 25%.

The Company's enhanced regional sales force intensified market penetration and added many new customers to our client list. Orders were secured from Morgan, Voith, L & T – MHI and various BHEL units. A new Design Center is being established at Bangalore to develop new, "state-of-the-art" designs. It will be fully operational from July, 2010. After Pune, we have now constructed Tech Centers at Delhi and Bangalore to show-case our products and demonstrate our technological competence. These centres would be fully operational by the end of July, 2010.

Product Development

Since the existing Gear Cutting machine product line had low demand due to the recession, the Company developed additional variants. The Company's CNC Gear Hobbers and CNC Gear Shapers are now available in 2 axis, 3 axis, 4 axis as well as 5 axis versions to cater various industrial applications.

A double column Vertical Turnmill centre with two rams, 6 meter swing and hydrostatic table was designed within record time. Premier received good response for this machine from customers who manufacture parts for Wind Mills, Thermal Power Plants, Space & Nuclear Energy, Bearing Industry, Defense etc.

Also many variants were developed for CNC Vertical Turning Machines. The Company also entered into a tie up with a well known Polish Company, M/S RAFAMET for manufacturing Surface Wheel Lathes and Under Floor Wheel Lathes required in large numbers by the Indian Railways and the new Metro Railway projects.

Agency Business

The Company entered into an exclusive selling agreement with an Italian Company, M/S MORARA DECIMA to market their Grinders in the Indian market. The Company sold six special grinders, generating a business of about 5 million Euros with an earning of Rs.3 crores for the Company.

Business Strategy

- Make Gear Cutting Machine to stock and offer quick deliveries
- Improve manufacturing through put using the newly installed capacities
- Continue focus on heavy machines by participating in Govt. tenders and pursue Private Sector enquiries
- Increase business for machines required by Railways

Opportunities

- Robust growth in the Auto Sector with entry of many International players and introduction of new models
- Massive investment by the Indian Government and Private Sector for infrastructure development

Threats, Risks and Concerns

- Import of machine tools from China, Taiwan and Korea posing stiff competition to Indian manufacturers
- Export market is likely to be sluggish and hence International machine tool players will focus on the Indian and Chinese markets
- Rapid increases in raw material costs and longer delivery times resulting into pressure on profit margins



Heavy Duty Double Column CNC Vertical Turning Machine



CNC Vertical Turning Machine



Vertical Machining Center



6 Axis High Speed Gear Hobbing Machine



CNC Lathe for Axel Pin

Engineering

Industry Structure & Outlook

This division serves the general engineering, automotive and wind turbine sectors. With the thrust on non-conventional power generation by the Central and State Governments, its business activities are expected to grow rapidly in the future.

Performance

The Engineering business provides complete engineering solutions to domestic and international companies. Currently, it supplies automotive components for Tata Motors & Force Motors. It also makes heavy SG iron castings and steel fabricated wind turbine parts for Enercon India and Regen Powertech as well as Metro Rail chassis for BEML.

In 2009-10, this activity achieved a 25% rise in turnover. The total business activity is not fully reflected as a substantial amount of sale is done on a “value added only” basis i.e. material is provided by the customer.

During the year, this activity successfully developed and commercialized machining of SG iron castings for Enercon India and large cylinder blocks for Cummins India. The volumes of these businesses are expected to increase substantially in the year 2010-11.

Also a large order has been received from Regen Power Tech of Chennai to manufacture 1.5MW wind turbine parts. The sales and profitability of this division are expected to double in the next three years.



Stator Carrier for Wind Turbine

Manufacturing Capacity

The Company has invested nearly Rs. 30 crores during the year towards setting up dedicated manufacturing lines for its various clients. The Company makes investment only in machinery that has alternate usability and ensures that any product specific equipment that is non-usable else where, is financed by the client. Thus, there is very little risk of loss on account of asset obsolescence if any contract closes prematurely.

World class manufacturing techniques have been implemented to achieve optimum customer quality standards. Special welding, machining and inspection fixtures are used to adhere to the close tolerances required in the components. A process approach is the key to successful completion of the prototype job in the stipulated time frame.



Oxyfuel CNC Profile Cutting Machine

New Business

The Company's target is to add 3 to 4 new customers in the next 3 years. The Company is also focusing on diversifying this business activity across industry sectors with more emphasis on power generation, infrastructure and earth moving industries.

The Company is in discussion with important International clients like – Siemens, General Electric, Gamesa, etc. and plans to focus on the products that require a high degree of engineering capability and complex manufacturing process to create high entry barrier for competitors.

Quality

This division has an ISO 9001-2000 certification. The Company maintains very high quality standards with 100% inspection at multiple stages. There is an in-house checking facility with imported equipment. This division is planning to go for ISO 14001 – Environmental Management System Certification.

Opportunities

- The windmill sector offers vast opportunities for business growth due to the global thrust on renewable energy development. Due to the Company's high quality standards, new windmill manufacturers are approaching it to develop their parts, as major suppliers prefer to subcontract parts and sub-assemblies instead of making them in-house.
- The infrastructure, power and earth moving equipment sectors as well as the metro rail businesses are all expected to grow fast in next five years.

Threats, Risks and Concerns

- There is a risk of a particular customer stopping the business resulting into loss of revenue and profitability due to non-utilization of equipment.



Main Carrier



State of the art, conveyerized assembly line for RiO

Automotive

Industry Structure & Outlook

The automobile industry after passing through a severe recession for one and half years has bounced back vigorously. During the year under review the LCV market has grown 38% on year to year basis. The Indian SUV market which is 1.5 Lac vehicles / annum is growing @ 20% per annum. Major players today in this market are Mahindra & Mahindra, Tata, Toyota etc. All these players are manufacturing SUV's which are of bigger size and no compact SUV is available in the market to cater to the 25 to 40 years age group.

Introduction of RiO (Compact Diesel SUV)

During the year Premier entered into an Agreement with the US \$ 1.5 billion Zotye Group in China to assemble a compact diesel SUV (RiO) in India. Zotye Group is engaged in R&D and manufacture of auto vehicles in China and are producing more than 1 Lac SUV's. They are expanding fast in the Chinese market and also exporting these SUV's to 50 countries worldwide. Premier introduced this compact SUV under its own brand: 'RiO' in a diesel version by using its 1489 cc turbo diesel engine based on the Peugeot TUD5. RiO has been displayed at various dealerships and the initial response is very positive.

Performance and Product Development

In 2009-10 the sale of LCV Roadstar & Sigma (Van) remain affected due to non availability of retail finance. During the year Premier tied-up retail finance with State Bank of India in various circles. There was also a need to tie-up with a NBFC where retail finance is the core business and can be organized at a faster pace. Premier has tied-up with a leading NBFC and with these tie-ups in place, the sales of the LCV will improve during the coming years.

In 2009-10, the 1489cc turbo diesel engine was adopted into the RiO and related developments. During the year, the Company received “A” type approval certificate from the Government certifying agency for the RiO. The Company also received RTO approvals from most of the states for selling this vehicle.

The loading capacity of Roadstar has been increased from 1.3 Ton to 1.5 Ton. During the year under review, the disaster management Ambulance was developed in association with EMRI.



Roadstar Pick-up

Dealer Development

Premier has already developed its dealer and after sales service network in the West and South regions and is expanding its sales and after sales service network in North and East India. The Company is hopeful of creating its dealer network all over India by December 2010.

Manufacturing Capacity

The Company is putting up a state of the art, conveyORIZED assembly line at its Chinchwad plant having installed capacity of 25,000 units per annum for RiO assembly. This is in addition to earlier capacity of 15,000 vehicles per annum capacity already created for LCV's. The Company is employing well trained ITI operatives on the new line to achieve required quality standards consistently.

Opportunities

The Company has entered into compact diesel SUV market which is currently not served by any other major manufacturer. At present, all SUV's in the market are range from Rs.7.50 lacs to Rs.20 lacs. The Company would be selling the RiO at less than Rs.6.00 lacs. All SUV's available in the market today are big and they do not suit city driving and young professionals' needs. It is also expected to become popular in Tier II and Tier III cities due to better ground clearance.

Threats, Risks & Concerns

- The Company was not in passenger vehicle market for the last 10 years where the market dynamics have changed. Premier is taking adequate steps for “Premier” brand recall.
- RiO may face competition from bigger SUV's on one side and hatchback cars on the other side.
- BS IV pollution norms have become applicable in India from 1st April 2010 in 11 cities. Premier is in active discussions with leading engine manufacturers for the supply of a BS IV compliant engine for RiO and is hopeful to introduce BS IV vehicles shortly.



RiO, India's first compact diesel SUV

Corporate Social Responsibility

The Company as a corporate citizen is conscious of corporate social responsibility. The following initiatives were taken through the Promoters' Charity Trust during the year:



Vinod Doshi Fellowship Awards



Vinod Doshi COEP Merit Scholarships

Education, Scholarships & Awards :

- a. The Vinod Doshi Educational Scholarship (VDES), a scheme to provide 10 educational scholarships of Rs.75,000 each to needy and deserving children of our employees was instituted on the occasion of 75th birthday of Seth Vinod. In 2009, this scholarship was awarded to 8 meritorious children of the Company's employees. The scholarships were given for higher education in India or abroad. This will be an annual feature.
- b. Scholarships of Rs 50,000 each were given to 10 meritorious students in conjunction with the American Alumni Association, Mumbai, for study abroad.
- c. Sponsorship of 76 underprivileged girls of rural and tribal background at Rs 10,000 each, per year, to provide holistic value based education from KG to 10th Class. A project initiated by Ved Vigyan Maha Vidya Peeth, Bangalore under the Art of Living Foundation.
- d. The VINOD DOSHI – COEP MERIT SCHOLARSHIP : The merit scholarships were instituted for the students of College of Engineering Pune in the year 2009. The main object of the scholarship is to support academically high performing students with very low income needing financial support to complete the four year degree program. In the first year, the Merit Scholarship of Rs. 60,000/- each was awarded to 5 students. These scholarships would be given each year till those students complete their degree programme. Also, each year, five new students would be nominated for this Scholarship. These students would be given paid internships and guarantee of jobs without obligation.
- e. The Promoters' Trust has donated an amount of Rs.2 crores, including machines worth Rs.20 lakhs to the College of Engineering Pune, to renovate their Production Technical Laboratory, in order to create better facilities for the students.
- f. Vinod Doshi Fellowship of Rs 1 lakh each awarded to 5 experimental theatre activists of outstanding talent and dedication, in association with Sahitya Rangabhoomi Pratishthan, Pune.
- g. 'IMTMA – Vinod Doshi Outstanding Entrepreneur in Machine Tools': This annual Award has been instituted for outstanding entrepreneurship in machine tools by contributing a one time amount of Rs.10,00,000/- to IMTMA's corpus.
- h. Medical assistance of Rs.4,50,000/- was extended during the year to the needy people.

Environment

It is endeavour of the Company to keep environment green and clean.

We have initiated plantation of trees and creation of garden surrounding our Plant buildings (including Canteen) and all our boundary walls. So far, 1,500 trees have been planted. Every year, we will continue the process of plantation of one new sapling per employee, i.e. 1,500 or more, which will add more greenery to the environment.



Tree plantation drive at the Chinchwad plant

As per MPCB requirement, Company has installed the Sewage Treatment Plant (STP) and waste water

is recycled and is used for our garden. Similarly we have also created a new Effluent Treatment Plant (ETP) system for separation of waste oil & coolant and same water is again recycled for garden use.

Employee Health and Safety

- a. Health Awareness Program mainly on Cancer awareness was organized in-house by Expert Faculty from Care India Medical Society, Pune for all our employees. This program was mainly to highlight the development of various types of Cancer. e.g. Oral Cavity Cancer, Breast Cancer, Uterus Cancer etc., which are curable if detected at very early stage and also the precautionary measures that need to be taken and save an valuable life.
- b. A power-point presentation was made on the bad effects of Tobacco chewing, which was very much appreciated by our Workmen.
- c. A health check-up camp was organized for all the Company's employees. The health check-up was undertaken to create awareness on early disease detection and give guidance on necessary treatment.
- d. The Company successfully organized a blood donation camp at its works on 20th March, 2010, collecting 129 blood bottles that were donated to the – SAHYADRI Hospital, Pune, on the occasion of the Founders Day.

Human Resources and Industrial Relations

The Company's Industrial relations remained cordial and harmonious throughout the year. The Management reached an amicable wage settlement with the workmen for 3 years from 2010 to 2013.

The Company's overall manpower strength is 1580, including 410 managerial personnel. The Company has 276 engineers which constitutes 70% of the total officer strength. The recruitment of qualified personnel to improve human resources is an on-going process in the Company.

A lot of importance is being given for training employees at all levels. Specific training and general skill building programs were conducted during the year for senior management, junior officers and shop floor workmen. The Corporate Office employees were imparted a comprehensive 'Computer Refresher Skills Training'

The Company launched an employee suggestion scheme - 'I Suggest'. The scheme supports employee empowerment at all levels, and has extremely 'user friendly' approach. The Company is part of the 'Indian National Suggestion Schemes' Association' and has adopted the most current training and implementation strategies.

The Management believes in affirmative action employment policies. Currently, there are 8% women employees in the Company which is targeted to increase to 25% within the next 3 years.

Information 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 systems activities are outsourced to local IP services providers. The 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. The Company has constituted a Managing Committee consisting of senior functional heads under the Chairmanship of the Managing Director. The Committee meets once in a month to review the overall operations of the Company.

Patents

The Company has filed patents for:

1. An Automobile
2. Gear Tooth Chamfering and Rounding Machine
3. Improved Method for Fabrication of a Stator Carrier of Windmill
4. A system for Machining Wheels
5. An Improved Turning Machine
6. A System for Machining Railway Wheels
7. CNC Gear Shaving Machine-Model PSS 300
8. CNC Vertical Turning Machine-Model PTD 6000
9. Turbo Diesel Engine
10. Naturally Aspirated Internal Combustion Engine
11. CNC Vertical Turning Machine-Model PTC 2300
12. CNC Vertical Turning Machine-Model PTC 2800

The Company is in process of filing further three patents for processes and products.

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 prices of raw materials, demand-supply conditions, changes in government regulations, tax structures, etc. which are beyond the control of the 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 practising 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.

Category	Names
Promoter Directors	Mr. Maitreya Doshi Chairman & Managing Director
	Mrs. Rohita Doshi Non-Executive Director
Non-Independent Non-Executive Director	Dr. Udo Weigel
Independent Non-Executive Directors	Mr. S. Padmanabhan
	Mr Asit Javeri
	Mr. Rohan Shah
	Mrs. Kavita Khanna
	Mr. Dilip J. Thakkar

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 is an MBA from IMD (Switzerland) and B.A. (Econ.) from Stanford University, U.S.A. He has been associated with the Company for over 26 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 engineering services 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 CIIs 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). Recently, he has been invited to 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 17 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 the Managing Trustee of 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 was an I.A.S. Officer and during his tenure he held various positions in the Government of Maharashtra, including Director - Tourism, Managing Director -SICOM, Commissioner, Aurangabad Division. etc. He also served as a Director in the Department of Atomic Energy, Govt. of India.

Mr. Padmanabhan has worked as Corporate Advisor to Bharat Forge Limited and later Deepak Fertilizers and Walchandnagar Industries Limited. During the last 14 years he has been Consultant to the Videocon Group. He has wide experience in industrial projects, finance and administration.

Mr. Padmanabhan is a Director of Videocon Industries Ltd., Applicomp (India) Ltd., Videocon Power 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. Padmanabhan is also the Chairman of the Audit and Remuneration Committee of the Company.

Mr. Asit Javeri holds a Bachelors Degree in Science from Mumbai University. He is an industrialist with over 27 years of experience in chemical industry. Currently, he is 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, Chandra Net Pvt. Ltd. and Anuchem pte Ltd., Singapore.

Mr. Javeri is a member of Audit Committee and Remuneration Committee, and the Chairman of Investors' Grievance Committee of the Company.



Mrs. Rohita Doshi is the wife of Mr. Maitreya 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 Soukurry.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 Soukurry.com (India) Pvt. Ltd., Art Point Pvt. Ltd., and Doshi Holdings 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.

Mr. Shah is a Director in JB Chemical & Pharmaceutical Ltd., Grauer & Weil (India) Ltd., Diamond India Ltd. and Reliance Capital Trustee Company Ltd. He is also a member of the Investors' Grievance Committee of the Company.



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 26 years in various capacities including Managing Director. He is also the managing Director of ADD Chemnitz Germany and a Director in Decima Morara Spa.

His professional experience includes 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.

Dr. Weigel is a member of the Remuneration Committee of the Company.



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 a Legal and Financial Consultant. Previously she had also been President, Business Development, Bharat Serums and Vaccines Ltd. and Partner, Economic Laws Practice. She did independent practice in the Mumbai High Court and continues to be the member of the Mumbai Bar Council.

Mrs. Khanna is currently on the National Executive of the Bhartiya Janta Party and is Director of the Executive Board of Management of the International Association of Human Values, India.

Mrs. Khanna is a member of the Audit and Investors' Grievance Committee of the Company.

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 Industries (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. and Bharat Serums and Vaccines Limited.

Mr. Dilip 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 Accountants & 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 & Private Companies namely Poddar Developers Ltd., Panasonic Energy India Co. Ltd., Essar Oil Ltd., Thirumalai Chemicals Ltd., The Rubi Mills Ltd., PAE Ltd., Himatsingka Seide Ltd., Indo Count Industries Ltd., Walchandnagar Industries Ltd., Garware Polyester Ltd., Essar Shipping Ports & Logistics Ltd., Modern India Ltd., Aegis Ltd., Rajasvi Properties Holdings Private Ltd., Starrock Investments & Trading Private Ltd., , Blueberry Trading Company Pvt. Ltd., Township Real Estate Developers Pvt. Ltd., Hamlet Constructions (India) Pvt Ltd., Windmere Hospitality (India) Pvt. Ltd., Skidata (India) Private Ltd. (earlier known as Hinditron Consultancy Services Private Ltd.), Ameya Logistics Private Ltd.

4. Board Meetings and Attendance

Five Board Meetings were held during the financial year ended 31st March, 2010.

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 Meetings are circulated prior to the meetings. 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	28.04.2009	8	7
2	26.06.2009	8	4
3	21.07.2009	8	6
4	30.10.2009	8	6
5	27.01.2010	8	5

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 26.06.2009	Number of Directorships in other public limited companies	Number of committee positions held in other companies	
					Chairman	Member
Mr. Maitreya Doshi Chairman & Managing Director	Executive (Promoter)	5	Yes	-	-	-
Mr. Jagdish Khanna * Chartered Accountant	Independent Non-Executive	2	-	-	-	-
Mr. S. Padmanabhan I.A.S (Retd.)	Independent Non-Executive	3	Yes	12	-	5
Mr. Asit Javeri Industrialist	Independent Non-Executive	4	-	4	3	3
Mrs. Rohita Doshi Computer Engineer	Non-Executive (Promoter)	4	Yes	-	-	-
Mr. Rohan Shah Solicitor	Independent Non-Executive	2	-	4	-	-
Dr. Udo Weigel Machine Tool Technologist	Non-Independent Non-Executive	4	-	1	-	-
Mrs. Kavita Khanna Management and Legal Consultant	Independent Non-Executive	4	Yes	-	-	-

* Ceased to be a Director w.e.f. 18/02/2010

5. Audit Committee

The Audit Committee consists of 3 Non-Executive, Independent Directors, namely Mr. S. Padmanabhan Mr. Asit Javeri and Mrs. Kavita Khanna. Mr. Jagdish Khanna resigned as a Director & Audit Committee Chairman on 18th February 2010. Mr. Ramesh Tavhare, Vice President (Finance & Legal) & Company Secretary is the Secretary of the Committee.

Four meetings were held during the year on 28th April, 2009, 21st July, 2009, 30th October, 2009 and 27th January, 2010. 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. Jagdish Khanna*	4	2
Mr. S. Padmanabhan	4	2
Mr. Asit Javeri	4	4

* Ceased to be a Director w.e.f. 18/02/2010

6. Remuneration Committee

The Remuneration Committee consists of 3 Non-Executive, Independent Directors, namely Mr. S. Padmanabhan, Mr. Asit Javeri and Dr. 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 meeting of the Committee was held on 21st July, 2009.

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	1	1
Mr. Asit Javeri	1	1
Mr. Udo Weigel	1	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 Rs.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, 2009 to 31st March, 2010, are as under:

Name of the Director	Salaries, Perquisites contribution to Provident Fund and Superannuation	Commission	Consultancy Charges	Sitting Fees	Rs. (Lakhs)
					Total
Mr. Maitreya Doshi	55.82	-	-	-	55.82
Mr. Jagdish Khanna	-	-	4.00	0.80	4.80
Mr. S. Padmanabhan	-	-	4.50	1.20	5.70
Mr. Asit Javeri	-	-	4.50	2.60	7.10
Mrs. Rohita Doshi	-	-	4.50	0.80	5.50
Mr. Rohan Shah	-	-	4.50	0.80	5.30
Mr. Udo Weigel	-	14.71	4.50	1.00	20.21
Mrs. Kavita Khanna	-	-	4.50	1.60	5.90

The Company does not have any Stock Option Scheme

8. Shareholding of Non-Executive Directors as on 31st March, 2010

Sr.	Name of the Director	No. of shares held
1	Mr. Jagdish Khanna *	35,000
2	Mr. S. Padmanabhan	NIL
3	Mr. Asit Javeri	14,500
4	Mrs. Rohita Doshi	200
5	Mr. Rohan Shah	NIL
6	Dr. Udo Weigel	NIL
7	Mrs. Kavita Khanna	14,000

* Ceased to be a Director w.e.f. 18/02/2010

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 meetings of the Committee were held during the year on 28th April, 2009, 21st July, 2009, 30th October, 2009 and 27th January, 2010. 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 Javeri	4	4
Mr. Rohan Shah	4	2
Mrs. Kavita Khanna	4	3

Mr. Ramesh Tavhare, Vice President (Finance & 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, 2010:

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending
1	Non Receipt of Share Certificate	25	25	0
2	Non Receipt of Dividend	81	81	0
3	Non Receipt of Annual Report	4	4	0
4	Non Receipt of Demat Credit/Remat Certificate	4	4	0
5	Non Receipt of Rejected Demat Request Form	2	2	0
6	Others	6	6	0
Total		122	122	0

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
61st AGM 31st March, 2007	Hotel Kalasagar, P/4, MIDC, Mumbai – Pune Road Pimpri, Pune – 411 034	22nd June, 2007	11.00 a.m.	1
62nd AGM 31st March, 2008	Hotel Kalasagar, P/4, MIDC Mumbai – Pune Road Pimpri, Pune – 411 034	27th June, 2008	11.00 a.m.	7
63rd AGM 31st March, 2009	Hotel Kalasagar, P/4, MIDC Mumbai – Pune Road Pimpri, Pune – 411 034	26th June, 2009	2.30 p.m.	–

(b) Only one 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) 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 “Kesari”. The quarterly results are uploaded on the SEBI website under Electronic Data Information Filing and Retrieval [EDIFAR]. The Company does not send its half yearly report to each shareholder.

The financial results and official news releases are also available on the Company’s website at 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	64th Annual General Meeting on Monday, 30th August, 2010 at 11.00 a.m. at the Registered office of the Company at Mumbai-Pune Road, Chinchwad, Pune-411019
Date of Book Closure	Saturday, 21st Aug, 2010 to Monday, 30th Aug, 2010
Dividend payment date	On or after 30th Aug., 2010
Financial Calendar (Tentative)	
Results for quarter ending June 30, 2010	Last week of July, 2010
Results for quarter ending September 30, 2010	Last week of October, 2010
Results for quarter ending December 31, 2010	Last week of January, 2011
Results for quarter ending March 31, 2011	April/May, 2011
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.

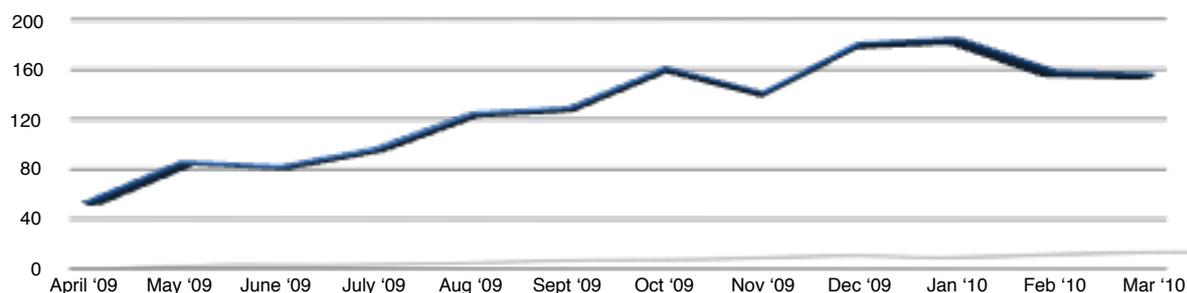
C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg,

Bhandup [West], Mumbai – 400 078

Tel. 022-2594 6970-78, Fax: 022-2594 6969

Email ID: rnt.helpdesk@linkintime.co.in

15. High/low of market price of the Company's shares traded on the Stock Exchange upto 31st March, 2010



Period	Premier's Share Price (Rs.)		BSE SENSEX	
	High	Low	High	Low
April 2009	53.80	29.50	11,492.10	9,546.29
May 2009	85.45	46.70	14,930.54	11,621.30
June 2009	80.90	60.10	15,600.30	14,016.95
July 2009	94.40	57.50	15,732.81	13,219.90
August 2009	121.00	78.10	16,002.46	14,684.45
September 2009	125.00	99.05	17,142.52	15,356.72
October 2009	155.00	113.00	17,493.17	15,805.20
November 2009	136.45	116.10	17,290.48	15,330.56
December 2009	173.30	115.10	17,530.94	16,577.78
January 2010	176.80	129.35	17,790.33	15,982.08
February 2010	152.00	127.00	17,669.25	15,651.99
March 2010	150.00	118.70	17,793.01	16,438.45

16. Share Transfer System

All transfers received are processed by Registrar and Transfer Agents. 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.

17. Dematerialization of shares

The Company's shares are tradable compulsorily in electronic form. The Company has established through its Registrar and Share Transfer Agents, connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on 31st March, 2010, 89.76% of the equity shares have been dematerialized.

18. Outstanding GDRs/ADRs/Warrants or any convertible instruments

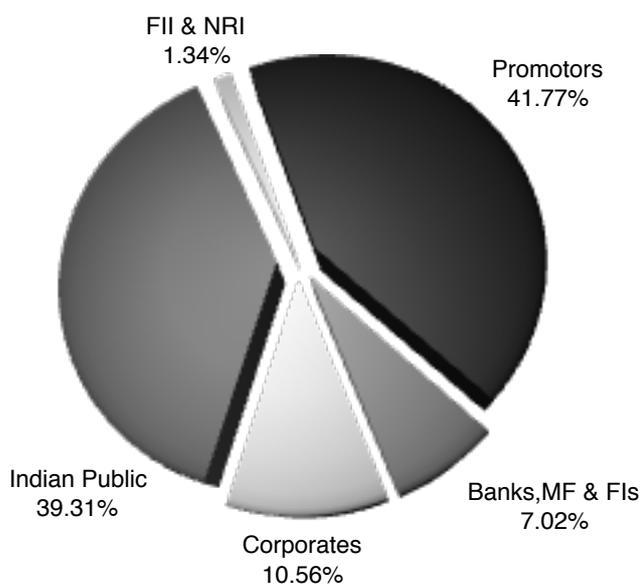
There are no outstanding GDRs/ADRs. During the year no conversion took place and hence there was no effect on Equity capital of the Company.

19. Distribution of shareholding as on 31st March, 2010

No. of shares	Folios		Amounts	
	Number	% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)
1 - 500	34360	93.85	3,84,82,050	12.67
501 - 1000	1278	3.49	97,16,240	3.20
1001 - 2000	470	1.28	70,64,000	2.33
2001 - 3000	149	0.41	37,79,730	1.24
3001 - 4000	80	0.22	28,81,200	.95
4001 - 5000	64	0.18	29,52,880	.97
5000 - 10000	99	0.27	69,19,360	2.28
10001 and above	113	0.31	231930240	76.36
Total:	36613	100.00	30,37,25,700	100.00

20. Share holding pattern as on 31st March, 2010

Category	No. of shares	%
Promoters	12,687,858	41.77
Mutual Funds and UTI	12,874	0.04
Banks, Financial Institutions & Insurance Companies	21,19,054	6.98
FII's	3,18,109	1.05
Bodies Corporate	32,06,879	10.56
Indian Public	1,19,38,961	39.31
NRIs/Foreign Nationals	88,835	0.29
Total:	3,03,72,570	100.00



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 Doshi.

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: 020-66310000
Fax: 020-66310371

Address for Correspondence

Premier Ltd.
58, Nariman Bhavan,
5th Floor, Nariman Point
Mumbai - 400 021
Tel: 022-30281250
Fax: 022-30281253
Email: investors@premier.co.in

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

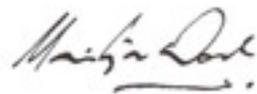
CEO / CFO Certification

The Company is duly placing a certificate to the Board from the Chairman & Managing Director and President 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 President in respect of the financial year ended 31st March, 2010 has been placed before the Board in the meeting held on 28th April, 2010.

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

Date: 28th April, 2010
Place: Mumbai

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, 2010, 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 the Corporate Governance as stipulated in 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: 28th April, 2010

Auditors' Report

The Members of Premier Limited

- (1) We have audited the attached Balance Sheet of Premier Ltd. as at 31st March, 2010, 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, 2010 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, 2010 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, 2010;
 - 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)

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 Rs. 3,08,00,000/- (Maximum balance outstanding during the year Rs. 3,10,00,000/-).
 - 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, 2010. Investor Education and Protection Fund of Rs.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 sales 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 Rs. (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 denovo 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 denovo 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
6.	Income Tax	Tax and Interest	714.56	A.Y.2007-08	CIT Appeal

- (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: 28th April, 2010

Balance Sheet as at 31st March 2010

	Schedule	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	3039.95	3039.95
Reserves and surplus	B	15790.87	15087.36
		18830.82	18127.31
Loan Funds			
Secured Loans	C	16288.79	12356.39
Unsecured Loans	D	3843.00	1030.00
		20131.79	13386.39
Total		38962.61	31513.70
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	26826.32	19189.57
Less: Depreciation		3093.13	3214.75
Net Block		23733.19	15974.82
Capital Items awaiting completion or commissioning including advances for capital expenditure		9419.39	9803.68
		33152.58	25778.50
Investments	F	362.97	362.97
Current Assets, Loans & Advances			
Interest accrued on bank deposits	G	34.60	13.96
Inventories - Manufacturing		6280.64	4473.67
Sundry Debtors		6622.31	6377.12
Cash and Bank Balances		1447.26	610.29
Loans and Advances		3078.47	2036.93
		17463.28	13511.97
LESS			
Current Liabilities & Provisions			
Current Liabilities	H	9263.39	5987.02
Provisions		2769.16	2258.81
		12032.55	8245.83
Net Current Assets		5430.73	5266.14
Miscellaneous Expenditure	I		
(To the extent not written off or adjusted)		16.33	106.09
Total		38962.61	31513.70

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: 28th April, 2010

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

Rohita Doshi, Director
Rohan Shah, Director
Kavita Khanna, Director

Ramesh Tavhare
Vice President (Finance & Legal)
& Company Secretary
Place: Mumbai
Date: 28th April, 2010

Profit & Loss Account for the Year Ended 31st March 2010

	Schedule	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
INCOME :			
Sale of Products	J		
Gross Sales		17168.95	14561.71
Less: Internal Capitalization		1309.64	839.98
Less: Excise Duty		865.18	784.87
Net Sales from operations		14994.13	12936.86
Add: Other income	K	261.59	203.89
		15255.72	13140.75
EXPENDITURE :			
Materials consumed		7462.38	6885.93
(Increase) / Decrease in inventory	L	518.43	(46.18)
Manufacturing, Administrative & other expenses	M	4772.02	4435.14
Interest and financial charges	N	1099.81	670.93
Depreciation		632.19	331.50
Expenditure capitalised (Internal capitalisation of machines)		(1309.64)	(839.98)
		13175.19	11437.34
Profit before exceptional items and tax		2080.53	1703.41
Exceptional items (net)	O	-	49.46
Taxes	P	417.59	292.97
		417.59	342.43
Profit after tax		1662.94	1360.98
Surplus brought forward		894.68	872.06
Surplus available for appropriation		2557.62	2233.04
APPROPRIATIONS :			
Proposed dividend (Including tax on dividend Rs.139.37 Lakhs)		959.43	888.36
Transfer to General Reserve		175.00	450.00
		1134.43	1338.36
Balance carried to Balance Sheet		1423.19	894.68
Earning Per Share (Rs. per share) (Refer Note: 20)			
Basic		5.48	4.60
Diluted		5.48	4.60

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: 28th April, 2010

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

Rohita Doshi, Director
Rohan Shah, Director
Kavita Khanna, Director

Ramesh Tavhare
Vice President (Finance & Legal)
& Company Secretary
Place: Mumbai
Date: 28th April, 2010

SCHEDULE A : SHARE CAPITAL

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
AUTHORISED :		
4,00,00,000 Equity Shares of Rs. 10 each (Previous year 3,10,00,000 Equity- Shares of Rs. 10 each)	4000.00	3100.00
ISSUED :		
3,04,54,180 Equity Shares of Rs. 10 each (Previous year 3,04,54,180 Equity Shares of Rs.10 each)	3045.42	3045.42
SUBSCRIBED AND PAID UP :		
3,03,72,570 Equity Shares of Rs. 10 each fully paid, (Previous year 2,80,54,517 Equity Shares of Rs.10 each fully paid)	3037.26	2805.46
Add : Nil equity shares of Rs.10/- each fully paid issued during the year. (Previous year 23,18,053 equity shares of Rs. 10/- each fully paid)	-	231.80
Add : Forfeited shares amount paid up	2.69	2.69
Total Share Capital	3039.95	3039.95

SCHEDULE B : RESERVES & SURPLUS

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
CAPITAL RESERVE :		
Forfeiture of warrants	0.84	0.84
SHARE PREMIUM :		
As per last balance sheet	3188.88	2506.68
Add :Received during the year	-	682.20
	3188.88	3188.88
GENERAL RESERVE :		
As per last balance sheet	11002.96	10552.96
Add : Transferred from Profit & Loss Account	175.00	450.00
	11177.96	11002.96
PROFIT & LOSS ACCOUNT :		
Surplus as per Profit & Loss Account	1423.19	894.68
Total Reserves & Surplus	15790.87	15087.36

SCHEDULE C : SECURED LOANS

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
FROM BANK:		
Cash Credit from State Bank of India (Refer Note: 11 (a))	3742.31	3057.61
Term Loan from State Bank of India (Refer Note: 11 (b))	4643.78	5813.78
	8386.09	8871.39
FROM OTHERS:		
Term Loans (Refer Note :11(c, d & e))	6102.70	3485.00
Bridge Loans (Refer Note : 11 (f))	1800.00	-
Total Secured Loans	16288.79	12356.39

SCHEDULE D : UNSECURED LOANS

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
Fixed Deposits (Repayable within one year Rs.228 lakhs; Previous year -Rs.180 lakhs)	228.00	180.00
Inter-Corporate Deposits (Repayable within one year Rs.3160 lakhs; Previous year - Rs.850 lakhs)	3615.00	850.00
Total Unsecured Loans	3843.00	1030.00

SCHEDULE E : FIXED ASSETS

Rs. (Lakhs)

ASSETS	DEPRECIATION						NET BLOCK			
	GROSS BLOCK AS AT 01/04/2009	ADDITIONS/ADJUSTMENTS	DEDUCTIONS	GROSS BLOCK AS AT 31/03/2010	DEPRECIATION FUND AS AT 01/04/2009	DEDUCTIONS	DEPRECIATION FOR THE YEAR	DEPRECIATION ON FUND AS AT 31/03/2010	NET BLOCK AS AT 31/03/2009	NET BLOCK AS AT 31/03/2010
Freehold Land	6486.10	-	-	6486.10	-	-	-	-	6486.10	6486.10
Buildings	6117.16	789.82	0.00	6906.98	377.71	0.00	204.36	582.07	6324.91	5739.45
Plant and Machinery & Equipments***	5906.14	7510.10	798.79	12617.5	2487.51	753.35	396.83	2130.99	10486.46	3418.63
Cars & Vehicles	94.00	6.13	0.00	100.13	31.90	0.00	9.07	40.97	59.16	62.10
Furniture and Office Equipments	291.45	31.99	5.73	317.71	77.19	0.46	14.26	90.99	226.72	214.26
Dies & Jigs	294.72	103.23	0.00	397.95	240.44	0.00	7.67	248.11	149.84	54.28
Total	19189.57	8441.27	804.52	26826.3	3214.75	753.81	632.19	3093.13	23733.19	15974.82
Previous Year Total	9670.99	9551.61	33.03	19189.6	2913.98	30.75	331.50	3214.75	15974.82	

*** Note : Net block of plant and machinery includes Rs. 1199.45 lakhs in respect of assets acquired under finance lease.

SCHEDULE F : INVESTMENTS

INVESTMENTS (OTHER THAN TRADE)	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
LONG TERM QUOTED SHARES (FULLY PAID)		
PAL-Peugeot Limited :		
7,90,84,000 equity shares of Rs.10/- each. (Previous year 7,90,84,000 equity shares of Rs.10/- each)	7908.40	7908.40
Less: Provision for diminution in value of investments. (Refer Note : 10(b & c))	7908.40	7908.40
	0.00	0.00
PAL Credit and Capital Limited :		
58,99,169 equity shares of Rs.10/- each. (Previous year 58,87,484 equity shares of Rs.10/- each)	651.70	650.97
Add : Nil equity shares purchased during the year. (Previous year 11,685 equity shares)	-	0.73
Less : Provision for diminution in value of investments. (Refer Note : 10(a))	289.48	289.48
	362.22	362.22
	362.22	362.22
UNQUOTED		
Saraswat Co-op. Bank Ltd.:	0.25	0.25
2,500 Shares of Rs. 10 each		
Shree Suvarna Sahakari Bank Ltd.:	0.50	0.50
500 Shares of Rs. 100 each		
	0.75	0.75
Total Investments	362.97	362.97
Aggregate Values:		
1. Book Value of quoted investments	362.22	362.22
2. Market Value of quoted investments	176.39	120.34
3. Book Value of unquoted investments	0.75	0.75

SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
CURRENT ASSETS		
Interest accrued on bank deposits	34.60	13.96
Inventories - manufacturing		
Stores and spares	31.73	36.80
Loose tools	176.17	218.12
Stock-in-trade :		
Raw materials and components	2598.49	1828.90
Finished components	119.63	516.73
Work-in-progress	891.62	582.01
Finished goods	383.41	843.74
Scrap	0.00	1.09
Goods-in-transit and under clearance	2079.59	446.28
	6280.64	4473.67
Sundry Debtors, Unsecured :		
Outstanding over six months :		
Considered good	1038.50	1369.06
Considered doubtful	563.35	563.35
Less : Provision for doubtful debts	563.35	563.35
	1038.50	1369.06
Others, considered good (Refer Note: 3)	5583.81	5008.06
	6622.31	6377.12
Cash and bank balances :		
Cash on hand	7.34	4.31
Balance with Scheduled Banks		
- in current accounts earmarked for specific statutory payments	125.90	93.86
- in Current accounts	72.96	15.73
- in Fixed deposit accounts (pledged with banks against LC margin / guarantee's given by banks)	1241.06	496.39
	1447.26	610.29
LOANS AND ADVANCES		
Unsecured considered good :		
Advances recoverable in cash or in kind or for value to be received .	1679.85	932.56
Balances with excise,customs,port trust etc.	293.98	423.29
Receivable on account of land sale	300.00	300.00
Sundry deposits	147.33	134.23
Tax payments	657.31	246.85
	3078.47	2036.93
Total Current Assets, Loans and Advances	17463.28	13511.97

SCHEDULE H : CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
CURRENT LIABILITIES :		
Sundry Creditors (Refer Note: 3)	8371.16	5425.33
Advances and deposits from dealers,customers, etc.	766.38	467.86
	9137.54	5893.19
Investor Education & Protection Fund		
Unclaimed Dividend (Appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due)	125.85	93.83
	9263.39	5987.02
PROVISIONS :		
For Gratuity	428.70	409.50
For Leave Encashment	168.84	126.88
For Early Retirement Benefit	178.62	226.76
For Warranty	35.69	27.03
For Proposed Dividend	820.06	759.31
For Tax on Proposed Dividend	139.37	129.05
For Wealth Tax	187.52	123.52
For Income Tax	810.36	456.76
	2769.16	2258.81
Total Current Liabilities & Provisions	12032.55	8245.83

SCHEDULE I : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at 31.03.2010 Rs. (Lakhs)	As at 31.03.2009 Rs. (Lakhs)
Research & Development Expenditure (Including Licence & Technical know-how fees)	16.99	17.65
Less : Written off during the year	0.66	0.66
	16.33	16.99
Early Retirement Benefit	89.10	178.20
Less : Written off during the year	89.10	89.10
	0.00	89.10
Total Miscellaneous Expenditure	16.33	106.09

SCHEDULE J : SALE OF PRODUCTS

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Automotive	2964.08	1039.94
Engineering	13760.68	13264.89
Agency Commission	233.65	-
Duty drawback claim	-	3.26
Scrap	210.54	253.62
Total Sales (Gross)	17168.95	14561.71

SCHEDULE K : OTHER INCOME

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Dividend other than trade	0.06	0.05
Exchange Difference	37.01	38.96
Profit on sale of fixed assets	74.98	18.39
Sales Tax receivable	-	20.98
Miscellaneous Income	149.54	125.51
Total Other Income	261.59	203.89

SCHEDULE L : (INCREASE) / DECREASE IN INVENTORY

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Stocks at commencement :		
Finished goods	843.74	535.53
Finished components	516.73	323.39
Work-in-progress	582.01	1038.62
Scrap	1.09	1.00
	1943.57	1898.54
Stock in Trade (Real Estate)	0.00	6363.54
Less: Stock in Trade(Real Estate) transferred to Fixed Assets	0.00	(6363.54)
	1943.57	1898.54
Less :		
Stocks at close :		
Finished goods	383.41	843.74
Finished components	119.63	516.73
Work-in-progress	891.62	582.01
Scrap	0.00	1.09
	1394.66	1943.57
Add / (Less) :		
Excise duty difference on opening and closing stock of finished goods	(30.48)	(1.15)
	518.43	(46.18)
(Increase) / Decrease in Inventory		

SCHEDULE M : MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Payment to and provisions for employees :		
Salaries, wages, bonus etc.	2241.92	2112.45
Retiring Gratuities	102.37	57.67
Contribution to Provident and Other Funds	104.49	117.57
Welfare expenses	181.80	184.01
	2630.58	2471.70
Less : Capitalised	404.06	430.32
	2226.52	2041.38
Manufacturing, administrative and selling expenses :		
Stores, spares and tools consumed	637.03	558.68
Power, fuel and water	332.24	324.26
Repairs and Maintenance :		
Machinery	40.39	38.27
Buildings	2.66	3.78
Other assets	0.84	4.80
Lease rental on fixed assets	63.98	110.96
Rent	44.69	37.46
Rates and taxes	47.18	43.48
Insurance	18.20	19.99
Administrative and other expenses	894.32	846.44
Sales and Service expenses	198.61	177.10
Research & Development Expenditure (Including Licence & Technical know-how fees written off)	0.66	0.66
Travelling and conveyance	264.70	227.88
	2545.50	2393.76
Total Manufacturing, Administrative & Other Expenses	4772.02	4435.14

SCHEDULE N : INTEREST & FINANCIAL CHARGES

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Interest on loan		
Interest on loan	2518.05	1773.10
Less : Interest Capitalised	(1557.04)	(1194.23)
	961.01	578.87
Interest received	(68.52)	(30.30)
Interest on Income Tax Refund	0.00	(15.84)
	892.49	532.73
Bank and other charges	207.32	138.20
Total Interest & Financial Charges	1099.81	670.93

SCHEDULE O : EXCEPTIONAL ITEMS (NET)

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Commission to non Executive Directors for prior years	-	49.46
Total Exceptional Items	0.00	49.46

SCHEDULE P : TAXES

	For the year ended 31.03.2010 Rs. (Lakhs)	Previous year ended 31.03.2009 Rs. (Lakhs)
Current Tax	353.59	185.39
Fringe Benefit Tax	-	17.76
Wealth Tax	64.00	65.00
Deferred Tax Expenses	784.34	767.11
Less : Deferred tax credit recognised	784.34	767.11
	0.00	0.00
Short/ (Excess) Provision for taxation of earlier years	-	24.82
Total Taxes (Net)	417.59	292.97

Notes forming part of the accounts for the year ended 31st March 2010

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.

(ii) Revenue Recognition:

- a. Revenue from sales 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 fund 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.
- c. Provision towards liability in respect of early retirement benefit scheme as on 01-04-2007 is charged over a period of 3 years but not later than accounting period commencing on or after 1st April, 2010 as per AS 15 (Revised) – "Employee Benefits."

(vi) Fixed Assets:

- a. **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 cost except land at Kalyan which is stated at book value on the date of re-conversion.
- b. **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 Rs.10 each allotted on conversion of debentures into fully paid equity shares.
- b. 6,00,000 equity shares of Rs.10 each allotted on conversion of term loans/debentures into fully paid equity shares to financial institutions.
- c. 80,84,910 equity shares of Rs.10 each allotted as fully paid bonus shares by capitalization of reserves.
- d. 43,04,727 equity shares of Rs. 10 each fully paid, allotted at a premium of Rs. 29.43 per share on conversion of warrants issued on preferential basis.

(2) On the grounds of prudence and as per the legal opinion obtained, the surplus of Rs.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 Rs.834.10 lakhs (Previous Year Rs.319.54 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 Rs.1100 lakhs (Previous year: Rs.738.03 lakhs).
- e. Claims against Company in taxi refund case amounting to Rs. 208 lakhs (Previous Year Rs 229.78 lakhs) not acknowledged as debt against which Company has filed a counter claim on an ex-dealer.
- f. Income tax demand for A.Y 2007-08 pending before appellate authorities Rs. 5.14 crores (net-off Rs.2 Cr. paid)

(5) Estimated amount of contracts remaining to be executed on capital account (net of advances) is approximately Rs. 1147.08 (Previous Year Rs.650 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:

Rs. (Lakhs)

Sr. No	Particulars	As on 31.03.2010	As on 31.03.2009
a.	Not later than one year	56.73	81.95
b.	Later than one year but not later than five years	192.14	150.52
c.	Later than five years	NIL	NIL

B. Lease payments recognised in the Profit and Loss Account Rs.63.98 (Previous year Rs. 110.96)

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

Rs. (Lakhs)

Sr. No	Particulars	As on 31.03.2010	As on 31.03.2009
a.	Not later than one year (Present Value Rs.222.94)	319.86	33.12
b.	Later than one year but not later than five years (Present Value Rs.648.54)	761.99	62.00
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 Rs. 197.58 Lakhs (Present Value Rs. 148.50 Lakhs)

C. The Company has option to buy the assets under finance lease at Rs.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 amount to Rs. 1557.04 lakhs (Previous year - Rs.1194.23 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. Deferred tax asset (net) of Rs. 4495.42 lakhs (Previous year Rs.5279.76 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 Rs. 362.22 lakhs (after making provision for diminution in the value of investment of Rs.289.48 lakhs in the financial year 2007-08) represented by 58,99,169 equity shares of Rs.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. Subsequent to close of the financial year, the 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. The Company had already provided for the diminution of full value of the investment against these shares in the earlier years and therefore there is no impact in the accounts.
- 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. Pending the completion of all the requisite formalities these shares are not accounted in the books.
- (11) a. Working Capital facilities of Rs 90 crores (Previous year: Rs.65 crores) with State Bank of India (SBI) 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 first pari-passu charge on Company's fixed assets at Chinchwad, Pune (both present and future).
- b. Term Loan of Rs 46.44 crores (Previous year: Rs.58.14 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 Rs. 17.34 crores (Previous year: Rs.24.85 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 Rs. 15 crores (previous year Rs. Nil) from SICOM Ltd. Is secured by way of first pari-passu charge by Equitable Mortgage in favour of SICOM, and HDFC Ltd. on Company's Land located at Dombivali, Kalyan.
- e. Term Loan of Rs. 20 crores (Previous year: 10 crores) from HDFC Ltd., is secured by way of first pari-passu charge on Company's land located at Dombivli, Kalyan.
- f. Bridge Loans of Rs.18 crores is secured against pledge of the shares of the Company owned by the promoter.
- g. Letter of Credit facilities of Rs.20 crores from Federal Bank Ltd. is secured against exclusive charge of specific current assets procured under LC and First pari-passu equitable charge along with SICOM and HDFC Ltd. on Company's land located at Dombivali,Kalyan.

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

Sr. No.	Particulars	As on 31.03.2010 Rs. (Lakhs)	As on 31.03.2009 Rs. (Lakhs)
(a)	Remuneration to Auditors		
	1. Statutory Auditors	6.20	4.25
	2. In other capacities : Tax Audit	2.10	2.10
	3. Certification & other matters	6.05	5.65
	4. For expenses	0.56	0.27
(b)	Directors' fees & travelling expenses	12.40	12.51
(c)	Commission on sales	0.20	0.25
(d)	Professional / Legal expenses	159.33	151.89
(e)	Contract Labour	235.28	168.02

(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 31.03.2010 Rs. (Lakhs)	As on 31.03.2009 Rs. (Lakhs)
1	Salary	36.00	36.00
2	Contribution to Provident Fund	4.32	4.32
3	Other Perquisites	15.50	8.50
4	Consultancy Fees	0.00	7.20
	Total	55.82	56.02

Notes:

- The above figures do not include accumulated provision for (a) gratuity of Rs. 6.99 lakhs and (b) leave encashment of Rs. 5.20 lakhs for managerial personnel.
- 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.
- Commission payable to the non-executive director amounting to Rs.31.50 lakhs (Previous year Rs. 77.04 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	
		2009-10	2008-09	2009-10	2008-09
A	Expense recognised in the Statement on Profit & Loss Account for the year ended March 31, 2010				
1	Current Service Cost	25.26	23.74	31.57	27.26
2	Interest Cost (on PBO as of 31.03.2010)	28.68	29.23	19.06	8.36
3	Employee Contributions	---	---	---	---
4	Expected return on plan assets	---	---	---	---
5	Actuarial (Gains)/ Losses	(5.44)	20.72	5.55	7.70
6	Past service cost	---	---	---	---
7	Settlement cost	---	---	---	---
8	Total Expense	48.50	73.69	56.18	43.32
B	Net Asset/(Liability) recognised in the Balance Sheet as at March 31, 2010				
1	Present value of Defined benefit obligation as at March 31, 2010	428.68	409.50	168.84	126.88
2	Fair value of plan assets as at March 31, 2010	---	---	---	---
3	Funded status surplus/(Deficit)	UNFUNDED	UNFUNDED	UNFUNDED	UNFUNDED
4	Net asset/ (liability) as at March 31, 2010	(428.68)	(409.50)	(168.84)	(126.88)
C	Change in obligation during the year end March 31, 2010				

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
1	Present value of Defined benefit obligation at the beginning of the year 01.04.2009	409.50	417.57	126.88	119.38
2	Current Service cost	25.26	23.74	31.56	27.26
3	Interest cost (on PBO as of 31.03.2009)	28.68	29.23	19.06	8.36
4	Settlement cost	---	---	---	---
5	Past service cost	---	---	---	---
6	Employee contributions	---	---	---	---
7	Actuarial (Gains)/ Losses	-5.44	20.72	5.55	7.70
8	Benefits payments	(29.32)	(81.77)	(14.22)	(35.82)
9	Present value of Defined benefit obligation at the end of the year	428.68	409.50	168.84	126.88
D Change in Assets during the year ended March 31, 2010					
1	Plan assets at the beginning of the year 01.04.2009	---	---	---	---
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
E The Major categories of plan assets as a percentage of total plan					
	Qualifying insurance policy	---	---	---	---
F Effect of one percentage point change in the assumed medical inflation rate					
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, 2010	NA	NA	NA	NA
G Actuarial Assumptions					
1	Discount rate	7.75%	7%	7.75%	7%
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 feed-back. 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.

During the year, 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 is in the process of commissioning a dedicated assembly line for “Premier RiO” having an annual capacity of 25,000 vehicles to take care of the market demand. This line is planned to be fully operational during the first quarter of 2010-11.

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, etc.

(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 31.03.2010 Rs. (Lakhs)	As on 31.03.2009 Rs. (Lakhs)
1	Segment-wise Revenue		
	1. Engineering	14201.66	13517.37
	2. Automotive	2967.29	1044.34
	Total	17168.95	14561.71
	Less: Inter Segment Revenue	-	-
	Gross Sales/Income from operation	17168.95	14561.71
2	Profit / (Loss) before tax & interest		
	1. Engineering	4013.96	3143.90
	2. Automotive	(164.47)	(240.21)
	Total	3849.49	2903.69
	Less: Interest (Net)	1099.81	670.93
	Other Un-allocable expenditure net off income	669.15	578.81
	Net Profit before tax	2080.53	1653.95
	Less: Taxes	417.59	292.97
	Net Profit after tax	1662.94	1360.98
3	Segment Assets		
	1. Engineering	31040.94	24941.63
	2. Automotive	11300.74	6743.31
	3. Not allocated – Corporate	8653.48	8074.59
	Total Assets	50995.16	39759.53
4	Segment Liabilities		
	1. Engineering	4831.79	5550.52
	2. Automotive	4435.76	571.73
	3. Not allocated – Corporate	2765.00	2123.58
	Total Liabilities *	12032.55	8245.83
5	Capital Expenditure **		
	1. Engineering	6144.29	6311.72
	2. Automotive	1881.42	1497.31
	3. Not allocated – Corporate **	31.27	11.11
6	Depreciation		
	1. Engineering	550.49	267.55
	2. Automotive	70.42	54.22
	3. Not allocated – Corporate	11.28	9.73
7	Non cash expenses other than depreciation		
	1. Engineering	89.76	89.76
	2. Automotive	---	---
	3. Not allocated – Corporate	---	---

* Total Liabilities exclude Secured loans Rs 16288.79. lakhs (Previous year Rs.12,356.39 lakhs) and Unsecured loans Rs 3843 lakhs (Previous year Rs.1030 lakhs).

** Excluding Rs.6363.54 lakhs pertaining to re-conversion of land from 'stock in trade' to fixed asset.

- (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 31.03.2010	As on 31.03.2009	As on 31.03.2010	As on 31.03.2009
1. Vehicles	15,000	15,000	391**	152**
2. Engineering (including Machine Tools)	5,71,455 Hrs	5,57,880 Hrs.	69***	85***

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

** Production of vehicles for this year includes 1 no (Previous Year: 1 no) of vehicles internally capitalized.

*** Production of machine for this year includes 7 nos (Previous year: 2 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 01.04.2009		Closing Stock as on 31.03.2010		Turnover as on 31.03.2010	
		Nos.	Rs.(Lakhs)	Nos.	Rs.(Lakhs)	Nos.	Rs.(Lakhs)
I)	Vehicles	8 (139)	27.53 (421.63)	14 (8)	50.65 (27.53)	385 (283)	2955.60 (948.38)
II)	Engineering	23 (2)	816.20 (113.90)	13 (23)	332.76 (816.20)	79 (64)	13894.95 (13205.38)
III)	Spares	- -	- -	- -	- -	- -	107.86 (151.07)
IV)	Scrap	- -	1.09 (1.00)	- -	0.00 (1.09)	- -	210.54 (253.62)
V)	Export Incentives	- -	- -	- -	- -	- -	- (3.26)
	Total	31 (141)	844.82 (536.53)	27 (31)	383.41 (844.82)	464 (347)	17168.95 (14561.71)

(Figures in brackets are for previous year)

B. CIF Value of imports (including capitalized items)

Sr. No	Particulars	As on 31.03.2010 Rs. (Lakhs)	As on 31.03.2009 Rs. (Lakhs)
a)	Raw Materials: Metal Components	1361.08	896.31
b)	Capital goods	0.00	1253.54

C. Expenditure and Earning in Foreign Currency

Sr. No	Particulars	As on 31.03.2010 Rs. (Lakhs)	As on 31.03.2009 Rs. (Lakhs)
a)	1. Expenditure in foreign currency Traveling expenses	31.22	15.17
	2. Others	31.74	24.94
b)	Earnings in foreign currency (including deemed exports) FOB value of exports	55.94	204.37

D. Details of Raw materials and components consumed:

(a) Raw materials consumed (including components)

Sr. No.	Particulars	Quantity	Value Rs. (Lakhs)
i)	Ferrous metal	719 M.T. (501 M.T.)	523.92 (418.80)
ii)	Non-ferrous metal	2.8 M.T. (2.7 M.T.)	16.99 (14.24)
iii)	Components (including Labour and Conversion charges Rs.510.45 lakhs, (previous year Rs.380.25 lakhs)	- -	5384.06 (5297.27)
iv)	Engineering Services	- -	1537.41 (1155.62)
	Total		7462.38 (6885.93)

(Figures in brackets are for previous year)

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

Sr. No	Particulars	As on 31.03.2010 Rs. (Lakhs)	As on 31.03.2009 Rs. (Lakhs)	As on 31.03.2010 (%)	As on 31.03.2009 (%)
i)	Imported	629.07	781.70	8	11
ii)	Indigenous	6833.31	6104.23	92	89
	Total	7462.38	6885.93	100	100

(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.

3) Relative of Key Management Personnel

- 1 Mrs. Saryu Doshi
2 Mrs. Rohita Doshi

2) Key Management Personnel

- 1 Mr. Maitreya Doshi

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

Rs. (Lakhs)

Sr. No	Nature of Transactions	31 st March 2010			31 st March 2009		
		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	250.00	-	-	685.00	-	-
2	Interest on FD taken	-	-	-	-	-	17.02
3	Fixed deposit received	-	-	50.00	-	-	45.00
4	Repayment of fixed deposit	270.00	-	-	795.00	-	-
5	Interest on fixed deposit	16.88	-	23.14	51.77	-	-
6	Managerial compensation	-	-	-	-	100.82	-
7	Money received for convertible warrants	-	-	-	822.45	-	-
8	Consultancy Fees	-	-	-	-	-	7.20
B. Year end balances							
1	Inter Corporate Deposit received	80.00	-	-	100.00	-	-
2	Fixed Deposit received	-	-	228.00	-	-	180.00

(19) Provisions:

Rs. (Lakhs)

Particulars	Opening Balance	Additions during the year	Amount paid / Adjusted during the year	Closing Balance
Leave Encashment	126.88	27.74	14.22	168.84
Gratuity	409.50	48.50	(29.30)	428.70
Dividend	759.31	820.06	759.31	820.06
Provision for doubtful debts	563.35	---	---	563.35
Provision for warranty	27.03	8.66	---	35.69
Early retirement benefit	226.76	---	(48.14)	178.62

(20) Earnings per Share (EPS) :

Sr. No	Particulars	As on 31.03.2010		As on 31.03.2009	
		Basic	Diluted	Basic	Diluted
(a)	No. of Shares	30372570	30372570	29566015	29566015
(b)	Net Profit (Rs. Lakhs)	1662.94	1662.94	1360.98	1360.98
(c)	Earning per share(Rs)	5.48	5.48	4.60	4.60

(21) Provisions:

Sr. No	Particulars	Currency	Foreign Currency	Amount in INR
(a)	Imports	USD	1094327 (43250)	498.81 (22.31)
(b)	Imports	JPY	26544000 (26544000)	130.06 (131.73)

(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 "P")

As per our Report attached
For and on behalf of
K. S. Aiyar & Co.
Chartered Accountants
Raghuvir M. Aiyar
Partner (M No. 38128)
Place: Mumbai
Date: 28th April, 2010

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

Rohita Doshi, Director
Rohan Shah, Director
Kavita Khanna, Director

Ramesh Tavhare
Vice President (Finance & Legal)
& Company Secretary
Place: Mumbai
Date: 28th April, 2010

Cash Flow Statement for the year ended 31st March 2010

	Year ended 31.03.2010 Rs. (Lakhs)	Year ended 31.03.2009 Rs. (Lakhs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & Exceptional items (Including exchange difference gain of Rs. 37.01 lacs, previous year Rs. 38.96 lacs)	2080.53	1703.41
Adjustments for :		
Depreciation	632.19	331.50
Interest and Financial Charges	1099.81	670.93
Interest/Dividend Income	(0.06)	(0.05)
Research & Development Expenditure Written off	0.66	0.66
Early retirement benefit written off	89.10	89.76
Gain on sale of Fixed Assets (Net)	(74.98)	(18.39)
	1746.72	1074.41
Operating profit before Working Capital Changes	3827.25	2777.82
Adjustments for :		
Trade & Other Receivables	(876.27)	(2191.37)
Inventories	(1806.97)	(231.22)
Trade Payable & Provisions	3266.03	2438.61
	582.79	16.02
Cash generated from Operations	4410.04	2793.84
Direct Taxes Net Received / (Paid)	(410.46)	416.05
Net Flow from operating activities before exceptional items	3999.58	3209.89
Cash flow from Exceptional items	-	(49.46)
Net Flow from Operating Activities (A)	3999.58	3160.43

	Year ended 31.03.2010 Rs. (Lakhs)	Year ended 31.03.2009 Rs. (Lakhs)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	125.69	20.67
Addition to Fixed Assets	(8441.27)	(3440.82)
Addition to Capital work in progress	384.29	(4632.07)
Purchase / (increase) in value of investments	-	0.73
Dividend Received	0.06	0.05
Net Cash flow from Investing activities (B)	(7931.23)	(8051.44)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Amount received against warrants	-	(92.40)
Increase in Share Capital	-	231.80
Increase in Share Premium & Capital Reserve	-	683.04
Inter-Corporate deposits availed / (repaid)	4565.00	(400.00)
Proceeds from long term Borrowings	3368.70	4594.33
Repayment of long term borrowings	(1921.00)	(726.00)
Proceeds from Fixed Deposits	48.00	45.00
Cash Credit from Banks	684.70	2211.93
Dividend paid during the year	(856.34)	(790.08)
Interest Paid	(1120.45)	(656.60)
Net Cash flow from Financing activities (C)	4768.61	5101.02
Net increase in Cash & Cash equivalents [A+B+C]	836.97	210.01
Opening Balance Cash & Cash Equivalents	610.29	400.28
Closing Balance Cash & Cash Equivalents	1447.26	610.29
Difference in cash/bank balance	836.97	210.01

As per our Report attached
For K. S. Aiyar & Co.
Chartered Accountants
Raghuvir M. Aiyar
Partner (M No. 38128)
Place: Mumbai
Date: 28th April, 2010

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

Rohita Doshi, Director
Rohan Shah, Director
Kavita Khanna, Director

Ramesh Tavhare
Vice President (Finance & Legal)
& Company Secretary
Place: Mumbai
Date: 28th April, 2010

Balance Sheet Abstract and Company's General Business Profile

I	Registration Details :	
	CIN Registration No.	25-020842
	State Code	25
	Balance Sheet Date	31.03.2010
II	Capital Raised during the year	Amount (Rs. thousand)
	Public Issue	Nil
	Rights issue	Nil
	Bonus issue	Nil
	Private Placement	Nil
	Preferential Issue	Nil
	Amount upfront received against warrants	Nil
III	Position of Mobilisation and Deployment of Funds	Amount (Rs. thousand)
	Total Liabilities	3896261
	Total Assets	3896261
	Sources of Funds :	
	Paid-up Capital	303995
	Reserves & Surplus	1579087
	Secured Loans	1628879
	Unsecured loans	384300
	Application of Funds :	
	Net Fixed Assets	2373319
	Investments	36297
	Net Current Assets	543073
	Misc. Expenditure	1633
	Accumulated Losses	Nil
IV	Performance of Company	Amount (Rs. thousand)
	Turnover	1716895
	Total Expenditure	1508842
	Profit before tax	208053
	Profit after tax	166294
	Earning per share (Rs.)	5.48
	Dividend Rate	27%
V	Generic Names of Principal Products/Services of Company (as per monetary terms)	
	Item Code No. (ITC Code)	87.03
	Product Description	Motor Cars
	Item Code No. (ITC Code)	84.61
	Product Description	Machine Tool

Registered office & Works : Mumbai-Pune Road, Chinchwad, Pune 411019, India. Tel: +91-20-66310000, Fax: +91-20-66310371

Please fill the attendance slip and hand it over at the entrance of the meeting hall.

DP ID*		Registered Folio No.	
Client ID*		No. of shares	

Name and Address of the Shareholder : _____

I hereby record my presence at the 64th Annual General Meeting of the Company held on Monday, 30th August, 2010 at 11.00 am at the Registered office of the Company at Mumbai - Pune Road, Chinchwad, Pune - 411019

* Applicable for investors holding shares in electronic form

Signature of the shareholder / Proxy

Note : Members are requested to bring their copies of the Annual Report to the meeting.

..... **TEAR HERE**

Registered office & Works : Mumbai-Pune Road, Chinchwad, Pune 411019, India. Tel: +91-20-66310000, Fax: +91-20-66310371

DP ID*		Registered Folio No.	
Client ID*		No. of shares	

I/We _____ of

_____ being a member/ members of Premier Ltd., hereby appoint

1. Mr. _____ of _____ or failing him

2. Mr. _____ of _____ or failing him

3. Mr. _____ of _____ as my/our proxy

to attend and vote for me/us and on my/our behalf at the 64th Annual General Meeting of the Company, to be held on Monday, 30th August, 2010 at 11.00 am. and at any adjournments thereof.

Signed this _____ day of _____ 2010 _____
Signature



* Applicable for investors holding shares in electronic form

NOTE : The proxy in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.



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▲ Roadstar Pick-up



▲ Roadstar Pick-up



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Registered Office & Works: Mumbai-Pune Road, Chinchwad, Pune 411019, India. Tel: +91-20-66310000 / 27475161, Fax: +91-20-66310371