

## CORPORATE GOVERNANCE

### 1. Company's philosophy on code of governance.

Company's Philosophy on Corporate Governance envisages striving for excellence in all its facets of its operations through socially and environmentally acceptable means. The Company wants to be a responsible corporate citizen and share the benefits with society and also will make its customers, employees, suppliers and shareholders feel proud of their association with the Company through highest level of transparency in its dealings.

The Company is being managed and controlled by the Board of Directors. More than 50% of the Board is comprised of independent Directors. The members of the Board are well experienced professionals and industrialists. The day to day management is conducted by the Vice Chairman & Managing Director, subject to the supervision, control and direction of the Board of Directors and is assisted by the Executive Director.

### 2. Board of Directors:

The Board of Directors consists of 13 directors.

a. Composition and category of Directors and attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various Companies:

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Companies			No. of Committee positions held in other companies	
		Board Meeting	Last AGM	Public Company	Private Company	Foreign Company	Member	Chairman
Mr. L.G. Varadarajulu (Chairman)	Non-Executive - Promoter	4	No	9	4	5	2	—
Mr. L. Lakshman	Non-executive - Independent	4	No	9	—	—	3	4
Mr. E.K. Parthasarathy	Non-executive - Independent	4	No	—	2	—	—	—
Mr. Suresh Jagannathan	Non-executive - Independent	3	No	3	2	—	1	—
Mr. C.R. Swaminathan	Non-executive - Independent	4	No	3	1	—	2	—
Mr. K.N.V. Ramani	Non-executive - Independent	4	Yes	3	—	—	3	1
Mr. D. Sarath Chandran	Non-executive - Promoter	4	No	11	—	1	5	—
Mr. K.C. Bellarmine upto 27th October 2003	ICICI - Nominee - Independent	1	No	1	—	—	—	—
Mr. Takeshige Tabuchi	Non-executive - Independent	1	No	—	1	2	—	—
Mr. Yasushi Nei (Alternate Director to Mr. Takeshige Tabuchi) upto 30.07.2003	Non-executive - Independent	1	No	2	1	—	—	—
Mr. Haruo Ishida (Alternate Director to Mr. Takeshige Tabuchi) from 30.07.2003	Non-executive - Independent	2	No	2	1	—	—	—
Mr. C.N. Srivatsan	Non-executive - Independent	4	Yes	—	4	—	—	—
Mrs. Vanitha Mohan (Executive Director)	Executive - Promoter	4	Yes	2	4	—	—	—
Mr. Vijay Mohan (Vice chairman & Managing Director)	Executive - Promoter	4	Yes	6	3	—	3	—

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b. No. of Board Meetings held and the dates on which held:

Number of Board meetings held	Four
Dates on which held	26th May 2003, 30th July 2003, 27th October 2003 and 28th January 2004.

The maximum time gap between any two meetings was not more than four months.

**Brief note on Directors seeking appointment / reappointment at the ensuing AGM :**

**Mr. L. Lakshman**, B.E. (Mech) aged 58 years, is a leading industrialist. He is a Director of the Company since 24th March 1982. He is the Chairman and Managing Director of Rane (Madras) Limited and Rane Brake Linings Limited, Chennai. He is also the Chairman of Rane Engine Valves Limited, Rane TRW Steering Systems Limited, Rane NSK Steering Systems Limited, TRW Rane Occupant Restraints Limited and Techcons Limited. He is a Director on the Boards of JMA Rane Marketing Limited, Rane Auto Components (Madras) Limited and Kar Mobiles Limited.

**Mr. E.K. Parthasarathy**, C.Engg. M.I.Prod. E (Lond), M.Sc. (Cranfield), B.E. aged 68 years, is a leading industrialist. He is a Director of the Company since 24th March 1982. He is also a Director on the Boards of Madras Engineering Industries Limited and Karkit Private Limited.

**Mr. Takeshige Tabuchi**, B.E. aged 53 years is a nominee director of DENSO Corporation, Japan. He is a Director of the Company since 26th July 2002. He is also a director of Phillippine Auto Components, Inc., Phillippines, Marcodenso Co., Ltd., Japan and Denso Haryana Private Limited, India.

**Mrs. Vanitha Mohan**, aged 51 years, is the Executive Director of the company since 1st June, 1999. She is a commerce graduate with a post graduate diploma in Business Management from the University of Strathclyde, Glasgow, UK. She is also a director in Prime Agri Solutions (India) Limited, Pricol Travels Limited, Sagittarius Investment Private Limited, Shrimay Enterprises Private Limited, Ashwanth Enterprises Private Limited and Supriya Investments Private Limited. She heads the Human Resource Development and Internal Audit functions of the Company. She is the Managing Trustee of Project Siruthuli, formed by the leading Corporates of Coimbatore with the objectives of making Coimbatore clean and green by desilting of tanks in and around Coimbatore in order to recharge the ground water levels, an extensive afforestation programme to plant 15 lakh trees in the next 3 years and to facilitate an effective garbage and sewage water treatment for Coimbatore.

**Mr. T.K. Balaji**, aged 55 years, is the Chief Executive & Managing Director of Lucas-TVS Limited since 1979. He has a Bachelor Degree in Mechanical Engineering from Madras University where he secured the First Rank. He is also a Gold Medalist from Indian Institute of Management, Ahmedabad. He is also the Managing Director of Delphi-TVS Diesel Systems Limited and Chairman of India Nippon Electricals Limited and India Japan Lighting Private Limited. He is on the board of Titan Industries Limited, Apollo Hospitals Enterprise Limited, besides a number of other TVS Group companies. He is the Past President of ACMA and has also served on the CII National Council for a number of years. He is a Member of the Development Council for Automobiles & Allied Industries, Government of India. In 1995, he was conferred a special award, by the FIE Foundation of Maharashtra, for his contribution to the auto component industry in his capacity as the Chief Executive of Lucas-TVS.

**Mr. V. Ramakrishnan**, aged 48 years, has a Bachelor of Engineering (BE) in Mechanical from College of Engineering, Guindy, Chennai, Master of Technology (M Tech) in Mechanical Engineering from IIT, Kanpur, Post Graduate Diploma in Business Management (PGDBM) in Finance and Marketing from Symbiosis Institute of Management, Pune and Diploma holder in Public Speaking. He had training in Sweden and Germany. He is an Executive Committee Member of the MME group of the Singapore Confederation of Industries (SCI), Chairman of Programs Committee, Member IT and Technology Committee. He is a member of Singapore Institute of Directors and Singapore Institute of Management and Fellow of the Chartered Institute of Marketing, UK and Founder & Exco Member of the Marketing Council of Asia. He also held senior consulting & management positions in business unit & profit center management, strategic planning / diversification, business development, project implementation, marketing, manufacturing and engineering. He had worked successfully in

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a wide range of industries viz., automotive, plastics, machinery, metal founding, environmental systems, packaging, tool & die, contract assembly etc., He has experience in setting up of joint ventures from concept to commercial production in automotive and machine tools. He has extensive regional & international networks both personal and professional. He has developed corporate business model centered on corporate effectiveness as against corporate efficiency, strategic thinking, strategic marketing, risk management and performance governance. He has also co-authored a chapter on Directorial Dashboards.

### 3. Audit Committee:

#### a. Composition, name of members and Chairperson, meetings and attendance during the year.

Name of the member	Category	No.of meetings held	Attendance
Mr. K.N.V. Ramani (Chairman)	Independent non-executive	4	4
Mr. C.R. Swaminathan	Independent non-executive	4	4
Mr. C.N. Srivatsan	Independent non-executive	4	4
Mrs. Vanitha Mohan	Executive Promoter	4	3

#### b. Brief description of terms of reference.

- Reviewing the internal business process and profitability.
- Reviewing of statutory and regulatory audit in conformity with the requirements of Companies Act and SEBI regulations.

### 4. Remuneration Committee:

#### a. Composition, name of members, Chairperson and attendance

Name of the member	Category
Mr. K.N.V. Ramani (Chairman)	Independent - Non-executive
Mr. C.R. Swaminathan	Independent - Non-executive
Mr. C.N. Srivatsan	Independent - Non-executive

During the year, no meetings were held.

#### b. Brief description of terms of reference

To determine and recommend to the Board the remuneration including commission, perquisites and allowance payable to the wholetime directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practice.

#### c. Remuneration to Directors:

The Company pays remuneration to Vice Chairman and Managing Director by way of salary and perquisites (fixed components) and one percent commission on Net profit (variable component) as approved by the shareholders of the Company.

It has been decided in the 30th Annual General Meeting to pay commission to Non-Whole time Directors (including Executive Director who is not drawing any managerial remuneration) not exceeding one percent of the Net profit of the Company per annum. The commission will be distributed broadly on the basis of Board Meetings and Committee Meetings attended by the Non-Whole time Directors.

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d. Details of remuneration paid / payable to all directors during the year ended 31st March 2004 are given below:

In Rupees

Name of the Director	Salary	Perquisites & Allowance	Commission	Sitting Fee	Total
Mr. L.G. Varadarajulu (Chairman)	NA	NA	450,000	NA	450,000
Mr. L. Lakshman	NA	NA	200,000	NA	200,000
Mr. E.K. Parthasarathy	NA	NA	200,000	NA	200,000
Mr. Suresh Jagannathan	NA	NA	150,000	NA	150,000
Mr. C.R. Swaminathan	NA	NA	400,000	NA	400,000
Mr. K.N.V. Ramani	NA	NA	400,000	NA	400,000
Mr. D. Sarath Chandran	NA	NA	250,000	NA	250,000
Mr. K.C. Bellarmine *	NA	NA	50,000	NA	50,000
Mr. Takeshige Tabuchi	NA	NA	200,000	NA	200,000
Mr. C.N. Srivatsan	NA	NA	400,000	NA	400,000
Mrs. Vanitha Mohan (Executive Director)	NA	NA	500,000	NA	500,000
Mr. Vijay Mohan (Vice chairman & Managing Director)	780,000	841,516	5,222,121	NA	6,843,637

\* Paid to ICICI Bank Limited

The Company does not have any Stock option scheme.

**5. Shareholders / Investors Relations Committee:**

The committee comprises of Mr.L.G.Varadarajulu, Mr.D.Sarath Chandran, Mr.Vijay Mohan and Mrs.Vanitha Mohan. The Chairmanship of the committee is vested with any of the non-executive Director. Mr.V.Srinivasan, Company Secretary, is the Compliance Officer.

During the year, 211 letters were received from the investors regarding change of address, non receipt of dividend warrants / annual reports etc., and all of them were replied/resolved to their satisfaction. No transfer / dematerialisation of shares is kept pending.

**6. General Body meetings:**

a. Location and time, where last three Annual General Meetings held

Year	Location	Date	Time
2001 29th AGM	Ardra Conferencing Centre, 9, North Huzur Road, Near Codissia Towers, Coimbatore - 18	10.08.2001	4.30 p.m.
2002 30th AGM	Ardra Conferencing Centre, 9, North Huzur Road, Near Codissia Towers, Coimbatore - 18	23.08.2002	4.30 p.m.
2003 31st AGM	Ardra Conferencing Centre, 9, North Huzur Road, Near Codissia Towers, Coimbatore - 18	22.08.2003	4.30 p.m.

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- b. Whether special resolutions were put through postal ballot last year?  
If yes, details of voting pattern : Nil
- c. Persons who conducted the postal ballot exercise : Not applicable
- d. Procedure for postal ballot : Not applicable
7. Details of non compliance by company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any authority on any matter related to capital markets during last 3 years. Nil

### 8. Means of communication.

- a. Half yearly report sent to each shareholders residence No
- b. In Which newspapers quarterly results normally published. The Hindu, Business Line & Dinamani
- c. Any website where results or official news are displayed EDIFAR (Electronic Data Information Filing and Retrieval System)
- d. Presentation made to Institutional Investors or to the analysts Nil
- e. Whether Management Discussions & Analysis is part of Annual Report or not It is a part of Annual Report.

### 9. General Shareholder information:

- a. AGM : Date 25th June 2004  
AGM : Time 4.30 p.m.  
AGM : Venue Ardra Conferencing Centre, No.9, North Huzur Road, Near Codissia Towers, Coimbatore - 641 018
- b. Financial Year 1st April to 31st March
- c. Date of Book closure 9th June 2004 to 15th June 2004
- d. Dividend payment date 26th June 2004
- e. Listing on Stock Exchanges National Stock Exchange and The Stock Exchange, Mumbai.
- f. Stock code National Stock Exchange : PREMISTR EQ  
The Stock Exchange, Mumbai : 526109  
The Company has paid listing fees to National Stock Exchange & The Stock Exchange, Mumbai for the year 2004-05.

### g. Stock Market Data :

Month	National Stock Exchange				The Stock Exchange, Mumbai			
	Price (Rs.)		CNX 500 (Points)		Price (Rs.)		BSE - 500 (Points)	
	High	Low	High	Low	High	Low	High	Low
April-03	164.00	128.55	744.80	687.45	164.90	139.00	1,138.98	1,051.60
May-03	243.60	164.05	813.50	697.10	243.05	160.55	1,244.67	1,066.84
June-03	271.00	220.00	900.95	805.55	271.90	218.00	1,384.60	1,231.88
July-03	288.35	240.15	950.50	875.60	294.10	242.00	1,460.23	1,344.85
August-03	283.00	248.10	1105.60	934.40	287.50	249.90	1,699.05	1,435.99
September-03	288.80	242.00	1157.00	1022.55	293.00	242.50	1,778.88	1,571.10
October-03	318.90	270.10	1242.30	1136.30	315.00	266.00	1,910.74	1,745.79
November-03	359.95	290.00	1297.85	1201.25	363.80	297.00	2,008.57	1,857.27
December-03	485.05	345.00	1555.30	1298.20	488.00	352.00	2,401.09	2,002.43
January-04	579.50	400.00	1667.80	1417.70	575.00	405.00	2,571.71	2,184.49
February-04	550.00	470.00	1555.75	1393.55	537.95	467.50	2,399.61	2,146.22
March-04	553.00	460.00	1544.15	1362.70	551.50	446.55	2378.91	2095.55

**CORPORATE GOVERNANCE (Contd..)**

**h. Registrar and Transfer Agents.**

**For Physical transfer and Dematerialisation of shares:**

The company has appointed M/s. Integrated Enterprises (India) Limited, 5A, "KENCES" Towers, No.1, Ramakrishna street, T.Nagar, Chennai - 600 017 as Common Transfer Agent for both physical and electronic transfer of company's shares.

**i. Share Transfer System:**

Certain directors and executives of the company are severally empowered to approval the transfers and dematerialisation. The Company coordinates with the Common Transfer Agent to ensure that the transfers and dematerialisation of shares are processed and completed within the stipulated time if the documents are complete in all respects.

**j. Shareholding pattern as on 31st March 2004**

Shares held by	No. of Shares held	% to Total
Promoters & Associates	2176035	36.27
Foreign Collaborator - DENSO Corporation, Japan	750000	12.50
Overseas Corporate Bodies	193800	3.23
Non-resident Indians	136450	2.27
Banks	9525	0.16
Indian Financial Institutions	15050	0.25
Bodies Corporate	490722	8.18
Mutual Funds	650	0.01
Public	2227768	37.13
<b>Total</b>	<b>60,00,000</b>	<b>100.00</b>

**k. Distribution of Shareholding as on 31st March 2004.**

Shareholding (Range)	No. of holders	% of Holders	No. of Shares	% of shares
UPTO 500	5126	86.21	637708	10.63
501 TO 1000	430	7.23	316370	5.27
1001 TO 2000	182	3.06	262011	4.36
2001 TO 3000	74	1.24	181557	3.03
3001 TO 4000	28	0.47	100004	1.67
4001 TO 5000	17	0.29	77390	1.29
5001 TO 10000	42	0.71	292641	4.88
10001 AND ABOVE	47	0.79	4132319	68.87
<b>TOTAL</b>	<b>5946</b>	<b>100.00</b>	<b>6000000</b>	<b>100.00</b>

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### I. Dematerialisation of shares and liquidity as on 31st March 2004.

Shares of the Company can be held and traded in Electronic form. SEBI has notified inclusion of our company's shares for compulsory demat trading by all the categories of the investors with effect from 28th August 2000.

#### Extent of Dematerialisation:

Name of the Depository	Shares	%
a. National Securities Depository Limited	2823629	47.06
b. Central Depository Services (India) Limited	93006	1.55
Total	2916635	48.61

The company's shares are regularly traded on The Stock Exchange, Mumbai and the National Stock Exchange.

### m. Address for correspondence.

Premier Instruments & Controls Limited  
P.B.No: 6331, 1087-A, Avanashi Road,  
Coimbatore - 641 037, India.  
Phone : 0422-2211520, Fax: 0422-2210028  
E-mail : city@pricol.co.in

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## COMPLIANCE CERTIFICATE FROM AUDITORS OF THE COMPANY

(Under Clause 49 of the Listing Agreement)

To the Member of Premier Instruments & Controls Limited

We have examined the compliance of conditions of Corporate Governance by PREMIER INSTRUMENTS & CONTROLS LIMITED, for the year ended on 31.03.2004, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, we state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Relations Committee.

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.

Coimbatore  
22nd May 2004

For SURI & CO  
**C.S. Sathyanarayan**  
Partner  
Chartered Accountants