

# 33<sup>rd</sup> ANNUAL REPORT 2012-13



From mind to lab and lab to plant  
our products are on an explosive journey



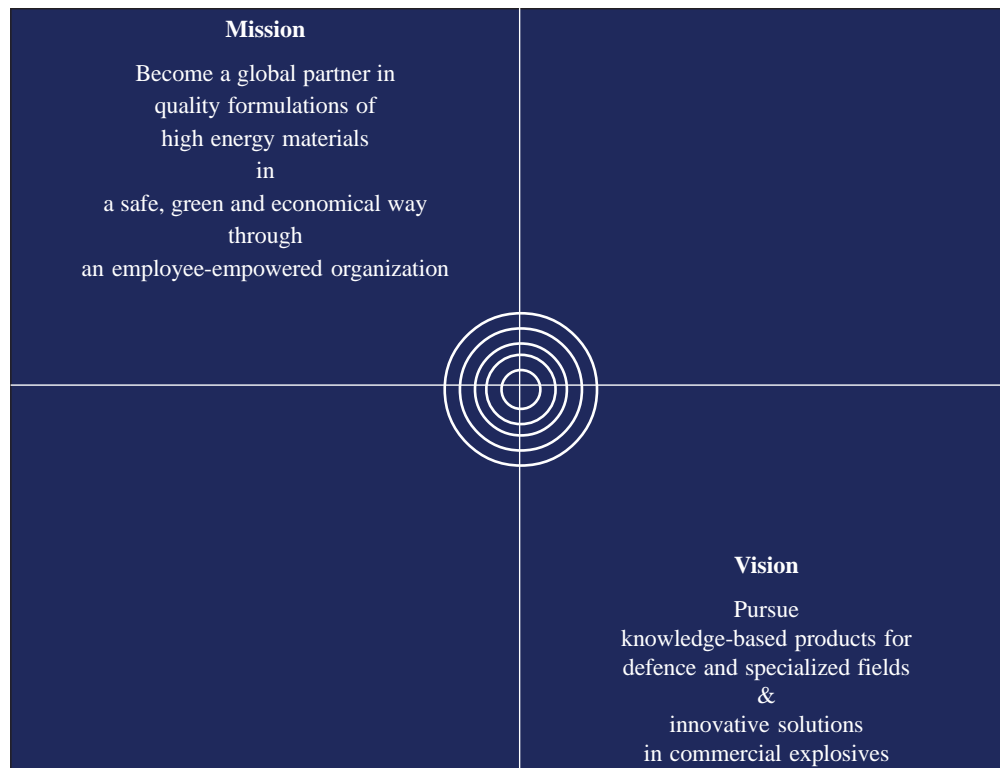
**Premier  
Explosives  
Limited**

## Ten years at a glance

(Rs. in lakhs)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Equity and liabilities</b>										
Share capital	796.42	810.71	811.61	811.99	812.15	812.27	812.39	812.55	812.70	812.75
Reserves and surplus	618.81	728.35	895.57	1,014.56	1,453.86	1,596.32	2,000.14	2,778.77	3,736.73	4,032.93
Shareholders' funds	1,415.23	1,539.06	1,707.18	1,826.55	2,266.01	2,408.59	2,812.53	3,591.32	4,549.43	4,845.68
Non-current liabilities										
Long-term liabilities and provisions	876.46	1,044.09	2,037.33	1,997.09	773.63	882.66	416.54	312.12	423.27	593.29
Deferred tax liability	322.87	412.06	354.75	410.92	278.62	292.66	415.90	474.18	484.26	562.56
Current liabilities	1,819.34	1,958.36	2,655.33	3,635.07	2,739.04	1,691.28	2,239.21	2,279.60	2,350.53	2,988.94
<b>Equity and liabilities</b>	<b>4,433.90</b>	<b>4,953.57</b>	<b>6,754.59</b>	<b>7,869.63</b>	<b>6,057.30</b>	<b>5,275.19</b>	<b>5,884.18</b>	<b>6,657.22</b>	<b>7,807.49</b>	<b>8,990.47</b>
<b>Assets</b>										
Non-current assets										
Gross fixed assets	3,500.35	3,534.51	3,764.35	4,940.87	2,794.53	2,978.48	3,635.50	4,124.74	4,620.96	5,207.03
Accumulated depreciation	(1,355.78)	(1,307.32)	(1,443.62)	(1,622.82)	(824.64)	(944.16)	(1,089.74)	(1,171.72)	(1,310.14)	(1,449.81)
Capital work in progress	66.55	14.13	803.12	3.29	13.51	-	-	26.25	119.53	91.69
Unallocated expenditure pending capitalisation	15.79	5.19	58.81	-	-	-	-	17.48	-	-
Net fixed assets	2,226.91	2,246.51	3,182.66	3,321.34	1,983.40	2,034.32	2,545.76	2,996.75	3,430.35	3,848.91
Investments	-	49.93	33.50	63.99	68.50	103.16	147.53	45.00	45.00	520.00
Other non-current assets including long-term loans and advances	33.95	22.23	10.51	-	-	182.88	375.61	573.54	828.86	548.48
Current assets	2,173.04	2,634.90	3,527.92	4,484.30	4,005.40	2,954.83	2,815.28	3,041.93	3,503.28	4,073.08
<b>Assets</b>	<b>4,433.90</b>	<b>4,953.57</b>	<b>6,754.59</b>	<b>7,869.63</b>	<b>6,057.30</b>	<b>5,275.19</b>	<b>5,884.18</b>	<b>6,657.22</b>	<b>7,807.49</b>	<b>8,990.47</b>
<b>Revenue</b>										
<b>Total revenue</b>	<b>5,222.90</b>	<b>6,102.18</b>	<b>7,138.17</b>	<b>6,956.46</b>	<b>6,009.62</b>	<b>7,077.37</b>	<b>9,062.44</b>	<b>9,642.69</b>	<b>11,001.42</b>	<b>11,146.57</b>
Profit before depreciation, finance costs, exceptional items and tax	706.88	696.72	851.01	982.12	856.61	1,548.96	2,340.36	1,821.80	1,908.54	1,175.04
Depreciation	(147.27)	(146.67)	(157.48)	(191.86)	(112.93)	(120.75)	(147.65)	(176.61)	(186.66)	(214.50)
Finance costs	(209.75)	(180.34)	(235.69)	(340.65)	(276.21)	(279.04)	(153.24)	(140.21)	(101.62)	(179.89)
Profit before exceptional items and tax	349.86	369.71	457.84	449.61	467.47	1,149.17	2,039.47	1,504.98	1,620.26	780.65
Exceptional items	-	-	-	-	397.12	(537.01)	(740.97)	-	39.20	(37.06)
Tax	(146.07)	(120.47)	(150.75)	(187.08)	(281.71)	(326.10)	(704.18)	(503.46)	(465.36)	(209.67)
<b>Profit after tax</b>	<b>203.79</b>	<b>249.24</b>	<b>307.09</b>	<b>262.53</b>	<b>582.88</b>	<b>286.06</b>	<b>594.32</b>	<b>1,001.52</b>	<b>1,194.10</b>	<b>533.92</b>
<b>Per share</b>										
Book value per share - Rs.	17.41	18.94	21.00	22.47	27.88	29.63	34.60	44.19	55.98	59.62
Earnings per share - Rs.	2.59	3.10	3.78	3.23	7.17	3.52	7.32	12.33	14.69	6.57
Dividend per share - Rs.	1.20	1.50	1.50	1.50	1.50	1.50	2.00	2.00	2.50	2.50
No. of shareholders	6,855	6,576	8,836	9,985	8,855	8,660	6,911	7,306	6,307	6,135

Note: Figures pertaining to 2010-11 and later years are as per Revised schedule VI.



*Premier has been determinedly*

- *Pursuing these ideals and goals successfully*
- *Crossing remarkable milestones in its journey of knowledge-based products*
- *Enhancing the value for all the stakeholders*



1980

The year when Premier Explosives Limited was established for manufacturing commercial explosives.

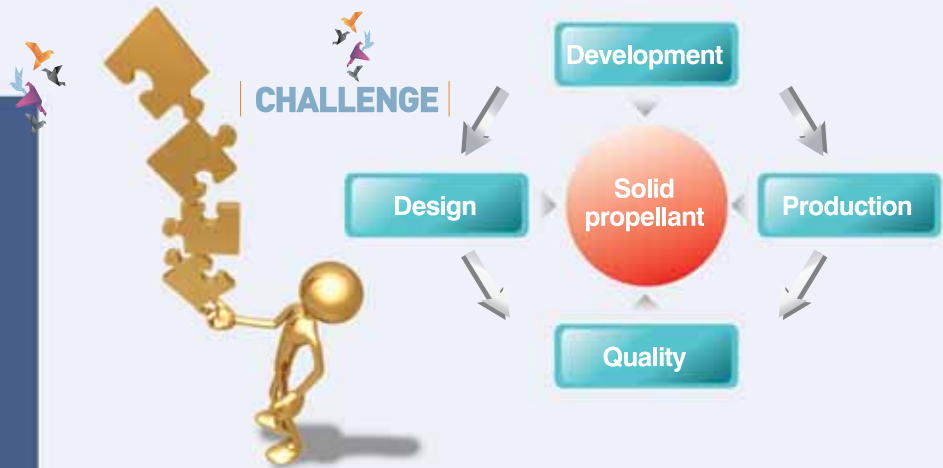
While choosing logo for the company, what impressed the founder most was a satellite launched by NASA .

Thus came **rocket-image** as Premier's logo.

Had the logo foretold the future forays of Premier?  
Indeed, YES!

Having thoroughly studied the chemistry of high energy materials, Premier has set its sight on solid propellants.

Over a period of last ten years Premier has mastered the science and perfected the art of sculpting solid propellants.



Become a quality manufacturer of propellants for Indian missile programs



Emerged as the only Indian private entity in the niche market of solid propellants for defence use







July 16, 2012

A fateful day in the history of Premier.

In a fatal accident, two of our workers lost their lives.

*(We are particularly indebted to our Board for generously compensating the families of the demised workers.)*

There was damage to building and machinery.

We analysed root cause of the accident.

"Can't we replace the highly sensitive ASA with a safer NHN?"

"No one did it anywhere in the world at commercial scale."

"So what?"

We debated thoroughly and finally resolved to go for NHN.

Now Premier's detonators are safer to manufacture.

With no lead element, they are environment-friendly also.

"a breakthrough in detonator technology after fifty years"

- a doyen of explosives industry

## CHALLENGE



## RESOLVE



## INNOVATE



Knowledge grows exponentially with worldwide pursuits in R&D!

We, at Premier, recognize knowledge as the most valuable asset.

To enhance our knowledge, we have a collaboration with University of Gulbarga for research in high energy materials.

Their PhD Scholars work in Premier's research facility as part of their doctorate program.

One student has been awarded PhD in 2012 for his studies on metal oxide nano-particles as energy materials under the guidance of two of our directors.

It's an accomplishment and a sense of satisfaction for Premier.

## CHALLENGE



## RESOLVE



Emphasis on research  
+  
Engaging young minds

## INNOVATE



Collaborated with Gulbarga University for research in high energy materials

One student got PhD with his study and work at Premier's research centre



### Chairman's review

Dear Fellow Members,

2012-13 had been a very challenging and satisfying year with changing detonator technology from ASA to NHN, establishing a new facility for making Fuel Rich Propellants, commissioning of packaged explosives plant as well as expanding propellant production capacity.

Unfortunately, we had a serious accident on 16<sup>th</sup> July 2012 at our detonator plant and wish to share with you my thoughts about this accident.

A detonator is a device which initiates an explosive charge, using a very sensitive ASA as primary explosive. Manufacture of detonators poses risk of accidental explosions at all

factories, both in India and abroad. With our safety practices we had a safe stretch of two decades, but had to encounter a major accident on 16<sup>th</sup> July 2012 at our Peddakandukuru detonator plant.

Accidental fall of a bottle containing a sensitive ingredient from the hands of a workman had triggered an explosion causing collapse of the roof and walls of the manufacturing building.

More sadly, we lost two of our long standing people and a few others suffered injuries. It was a shock, misery and despair to their families; equally to the wider family of Premier.

We pondered over the accident, analysed it and debated about the safety of lives and assets. We could have routinely repaired or replaced the damaged assets and continued as before. But we wanted to do the whole thing differently.

Finally we concluded to go for an ingredient that is safer than ASA. That safer ingredient is NHN. So far it has been tested in laboratories only, never and nowhere on a commercial scale.

In all cases of exploiting the breakthrough technologies, someone takes the first step. Premier took it in productionising the NHN detonator on a commercial scale - because NHN is safer than conventional chemicals and also because it is friendlier on environment, having no lead element in it.

In fact, Premier had been experimenting with NHN for the last couple of years, much before the accident took place. This accident became a trigger for us firming up our resolve to take up NHN route immediately.

Of course all this pioneering work came at a price - though we restarted the plant soon after





the accident, it took a little longer to stabilise the new process and pick up the volumes. Thus we have lost some potential revenues, both top line and bottom line. However, I am sure you would agree to count it as an investment in learning the new technology rather than as loss due to accident.

I am happy to share with you that our innovative product received accolades when it was presented in a technical seminar conducted by the explosives-regulator and attended by all explosive manufacturers of the country. A highly revered expert in the field had actually termed it as **"a breakthrough in explosive manufacturing after 50 years"**. Indeed this remark is an honour to our R&D team.

Our technology pursuits in defence explosives also started fructifying with receipt of repeat orders for solid propellants which fuel some of the prestigious missile programs. We have received approvals for our sustainer grain and another prestigious propellant which has been successfully test-fired meeting all the parameters.

These developments shall enhance our presence in the missile-fuel segment.

Another interesting product, our tear gas shells, introduced into market in 2011-12, has been finding wider acceptance by various government agencies, clocking higher revenues.

Coming to financial performance, it was affected by two factors - the accident at our detonator plant is the major reason. The other reason is some idleness at our bulk explosive plants due to delays in tendering and closure of some of the mining sites, but the impact has been assuaged to some extent with another bulk explosive plant that got new orders. Detailed financials accompany for your kind perusal.

Talking about outlook for the coming year 2013-14, I am optimistic about it backed by return of normalcy in detonators production, prospects of newly introduced packaged explosives and tear gas shells, approval of sustainer grains, a larger bouquet of propellant orders, etc.

To enable meeting general capital expenditure and potential projects in defence sector, the company proposes to allot equity warrants to the promoters and employees on a preferential basis. This proposal would help the company to expand the equity base and strengthen the financial position.

I am happy to share with you that I have been selected as a member of Federation of Indian Chambers of Commerce and Industry (FICCI), Andhra Pradesh State Council for the year 2013. I am looking forward to enriching my insights and exposure as well as to contribute my bit to the industry in this assignment.

I conclude by saying, "we would continue our focus on innovation for maximising the shareholders' investment value".

**With warm regards**  
**Dr A N Gupta,**  
**Chairman & Managing Director**





## Contents

Chairman's review	
Corporate Information	8
Board profile	9
AGM Notice	12
Directors' Report	24
Management Discussion & Analysis	27
Report on Corporate Governance	29
Auditors' Certificate on Corporate Governance	36
CEO & CFO Certificate	36
Particulars of conservation of energy etc.	37
Particulars of employees	38
Independent Auditor's Report	39
Balance Sheet	42
Statement of Profit & Loss	43
Cash Flow Statement	44
Notes to Balance Sheet	46
Notes to Statement of Profit & Loss	53
Summary of significant accounting policies and other explanatory information	55
E-communication Registration Form	71
Admission Slip & Proxy Form	73
ECS Mandate Form	75

## Corporate Information

### Board of Directors

Dr. A. N. Gupta (Chairman & Managing Director)  
 Mr. T. V. Chowdary (Executive Director)  
 Mr. K. Chalil (Director -Marketing)  
 Dr. N. V. Srinivasa Rao (Director - Production)  
 Dr. (Mrs.) Kailash Gupta  
 Dr. Haridwar Singh  
 Mr. Anilkumar Mehta  
 Mr. P. R. Tripathi  
 Dr. A. Venkataraman  
 Mr. K. Rama Rao

### Company Secretary & Compliance Officer

Mr. Avinash Kumar Singh

### Auditors

P.V.R.K. Nageswara Rao & Co.  
 Chartered Accountants  
 Hyderabad

### Bankers

State Bank of India  
 IDBI Bank  
 HDFC Bank

### Registrars & Share Transfer Agents

Karvy Computershare Private Limited  
 Plot No.17-24, Vithal Rao Nagar, Madhapur,  
 Hyderabad - 500 081

### Registered Office

'Premier House', 11, Ishaq Colony  
 Near AOC Centre, Secunderabad - 500 015

### Plants

#### Detonator, Detonating fuse, Packaged explosives, product research & special products divisions

Peddakandukur (Andhra Pradesh)

#### Bulk explosives divisions

Manuguru (Andhra Pradesh)  
 Godavarikhani (Andhra Pradesh)  
 Singrauli (Madhya Pradesh)  
 Chandrapur (Maharashtra)  
 Neyveli (Tamilnadu)

#### Windmill

Pushpathur (Tamilnadu)



## Board profile

Name of the director	Born	Education	On Board since	Residence	No. of shares held on 31.03.2013
Designation	Experience, achievements, recognitions, etc.				
1. <b>Dr. A.N.Gupta</b>  Chairman & Managing Director	14.04.1945	M.Sc., D.Sc.	14.02.1980	Secunderabad	18,04,992 (including HUF)
	<p>Having earned his Master's degree in mining engineering, he has developed a penchant for learning and R&amp;D. Heading the Premier, he has actively involved himself in all development projects of defence supplies, new products and processes.</p> <p>He is a recipient of 'Pickering and ISM Medal' from India's foremost mining university, Indian School of Mines, Dhanbad and received Gold Medal from Mining Geological and Metallurgical Institute of India for best paper for the year 1977-78.</p> <p>He is a Member of Society of Explosives Engineers, U.S.A. and was Chairman of Explosives Development Council constituted by Government of India and Chairman of Explosives Manufacturers Association of India.</p> <p>He authored various articles about high energy materials including "Scaling up of CL-20 production to pilot plant scale" presented at the proceedings of National Symposium on Trends in Explosive Technology.</p> <p>He has been conferred Doctor of Science (Honoris Causa) by Gulbarga University in recognition of his rare distinction and distinguished contributions to the field of science and technology.</p>				
2. <b>Mr. T.V.Chowdary</b>  Executive Director	16.08.1957	B.Sc, B.Sc. Tech (Petroleum)	31.08.2005	Secunderabad	5,000
	A chemical engineer with over 31 years of experience in production of explosives, detonators, petrochemicals, coal tar pitches & enamels, mushrooms and solid propellants. Having project execution as his forte, he is excellent in HR management and is a steadfast trouble-shooter.				
3. <b>Mr. K. Chalil</b>  Director - Marketing	18.09.1939	Graduate-AIME-Mining	31.08.2005	Secunderabad	2,474
	A mining engineer with over 40 years of experience in major mining and quarrying industries / explosive industries especially in areas of explosives application and marketing.				
4. <b>Dr.N.V.Srinivasa Rao</b>  Director - Production	03.01.1956	M.Sc., Ph. D. (Chemistry)	27.04.2009	Hyderabad	50
	He is a doctorate in chemistry with over 30 years of experience in the field of explosives & accessories and chemicals. He has published about 35 papers in various national and international journals. He is a member of High Energy Materials Society of India and also a Governing Body member there.				



Name of the director	Born	Education	On Board since	Residence	No. of shares held on 31.03.2013
Designation	Experience, achievements, recognitions, etc.				
5. <b>Dr. (Mrs.) Kailash Gupta</b>  Non-executive Director (Promoter)	30.01.1946	M.D. (Obstetrics & Gynaecology)	27.05.1999	Secunderabad	8,40,588
	She is a doctor by profession and also has rich experience in the industry. She supports Dr.A.N.Gupta in all his ventures at work and home.				
6. <b>Dr. Haridwar Singh</b>  Independent Director	31.03.1944	M. Sc. Ph.D.	16.06.2004	Pune	NIL
	<p>He obtained his PhD in Solid Rocket Propellant Combustion from Pune University and Post-doctoral Research from Max-Planck Institute, Göttingen, Germany.</p> <p>He is a doyen of propellant technology in India and had been the director of HEMRL.</p> <p>A 'Distinguished Scientist' of DRDO and an Emeritus Scientist at ARDE, Pune, he is a member of many committees and professional bodies. He has very rich experience in the science of high energy materials as the director of HEMRL, which has become a premier research institution during his tenure. Under his guidance, innumerable products have been developed for defence applications, including low vulnerability ammunition (LOVA) for tank gun.</p> <p>He has many patents to his credit. He also authored award-winning books.</p>				
7. <b>Mr. Anil Kumar Mehta</b>  Independent Director	24.03.1946	F.C.A.	17.05.2003	Hyderabad	3,500
	He is a senior partner in M.Bhaskara Rao & Co., Chartered Accountants, having rich experience in auditing, taxation, company law, project finance and other allied matters since 1973.				
8. <b>Mr. P.R.Tripathi</b>  Independent Director	24.06.1943	A.I.S.M. (Mining Engg)	28.09.2007	Secunderabad	NIL
	<p>He is a former Chairman and Managing Director of National Mineral Development Corporation Limited, holding fellowships of Institution of Engineers (India) and All India Management Association.</p> <p>He has been deeply involved in the development of mineral industry of India. He also held various positions in Federation of Indian Mineral Industries (FIMI) and retired as its President in 2003.</p>				





Name of the director	Born	Education	On Board since	Residence	No. of shares held on 31.03.2013
Designation	Experience, achievements, recognitions, etc.				
<b>9. Dr. A.Venkataraman</b> Independent Director	10.01.1959	M.Sc. Ph.D.	27.04.2009	Gulbarga	NIL
	<p>He is a doctorate in Chemistry and is working as Professor in Gulbarga University. His main fields of interests are Materials Chemistry, Nanomaterials Chemistry, polymer nano composites, etc.</p> <p>He was awarded Indo-Hungarian Fellowship for research at Hungarian Institution by UGC New Delhi in 2006. He received Young Scientist Award in inorganic Chemistry in 1993 from Indian Council of Chemists. He is a Commonwealth Fellow at Manchester Materials Science Center, Manchester, awarded by the Commonwealth High Commission, UK in 1995. He was also INSA visiting fellow, at JNCASR, Bangalore, in 2000.</p> <p>He has authored around 100 articles and research papers in reputed national and international research journals. He has supervised more than 10 research students for doctoral degree. He is a recipient of many research projects funded from UGC, New Delhi, DST, BRNS, Gulbarga University and other organisations. He has collaborations with National and International Institutes and Industries on Materials.</p> <p>He has three patents filed to his credit.</p>				
<b>10. Mr. K.Ramarao</b> Independent Director	14.09.1934	Masters in Aeronautics, Cranfield, U.K.	27.04.2009	Hyderabad	NIL
	<p>After serving for over 35 years in technology development, he retired as Associate Director of DRDL. He was responsible for the design and development of all IGDMP Projects as well as for setting up of infrastructure in the field of missile structure.</p> <p>He has received Sir Mokshagundam Visweswarayya Award for the Best Engineer from the Institute of Engineers, Kolkata; Best Invention Award from NRDC, Government of India, Best Scientist of DRDO and many others.</p>				



## Notice of 33<sup>rd</sup> Annual General Meeting

Notice is hereby given that the Thirty Third Annual General Meeting of Premier Explosives Limited will be held at Surana Udyog Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabad-500 004 on Thursday, the 8th August, 2013 at 09.30 a.m. to transact the following business:

### As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Directors and Auditors thereon
2. To declare dividend for the year 2012-13
3. To appoint a director in place of Mr. P. R. Tripathi, who retires by rotation and being eligible offers himself for reappointment
4. To appoint a director in place of Dr. (Mrs.) Kailash Gupta, who retires by rotation and being eligible offers herself for reappointment
5. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s P.V.R.K. Nageswara Rao & Co., Chartered Accountants (Firm's Registration Number: 002283S) be and are hereby re-appointed as Auditors of the company till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of directors of the company."

### As Special Business

6. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the company in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging of all the immovable and movable properties of the company wheresoever situated, present and future, and whole of the undertaking of the company and / or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of Banks/Financial Institutions in connection with sanction of working capital or other loans for an amount not exceeding Rs. 100.00 crores (Rupees One Hundred Crores only).

RESOLVED FURTHER THAT the mortgage / charge created/ to be created and / or all agreements/ documents executed/ to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

7. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Financial Institutions, Central Government, if required, the consent of the Company be and is hereby accorded for reappointment of Dr. A. N. Gupta, Chairman and Managing Director of the company for a period of three years from 14.02.2013 at a remuneration as given in the Explanatory statement attached to the notice convening the Annual General Meeting.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration."

8. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Financial Institutions, Central Government, if required, the consent of the Company be and is hereby accorded for reappointment of Mr. T. V. Chowdary, Executive Director of the company for a period of three years from 01.07.2013 at a remuneration as given in the Explanatory statement attached to the notice convening the Annual General Meeting.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration."

9. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Financial Institutions, Central Government, if required, the consent of the Company be and is hereby accorded for reappointment of Mr. K. Chalil, Director (Marketing) of the company for a period of three years or up to superannuation whichever is earlier from



01.07.2013 at a remuneration as given in the Explanatory statement attached to the notice convening the Annual General Meeting.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the Director (Marketing) shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration."

- 10 To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

Issue of convertible warrants on preferential basis:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s), modification(s) and/or re-enactment(s) thereof for the time being in force) and subject to the provisions of the Memorandum of Association and Articles of Association of the Company and the Listing Agreements entered into with the Stock Exchanges where the Equity Shares of the Company are listed and in accordance with the applicable guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI") {including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations")} (including any statutory amendment(s), modification(s) and/or re-enactment(s) thereof for the time being in force) and subject to the approvals, consents, permissions and/or sanctions, as may be necessary of the appropriate authorities, institutions or bodies and subject to such terms, conditions, alterations, corrections, changes, variations and/or, modifications, if any, as may be prescribed by any one or more or all of them while granting such approvals, consents, permissions and/or sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall be deemed to include any Committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution) be and is hereby authorized to accept and subject to such conditions and modifications as may be considered appropriate by the Board of the Company, the consent of the Company be and is hereby accorded to offer, issue and allot in one or more tranches upto 9,50,000 warrants on a preferential basis to the promoters and employees of the company, with each warrant convertible into one equity share of the company of nominal value of Rs.10/- each within a period not exceeding 18 months from the date of allotment of warrants, and on such other terms and conditions as the Board may in its absolute discretion decide at the time

of issue of warrants, and at such price or prices, including premium if any, as may be determined and approved by the Board in accordance with the conditions specified in the ICDR Regulations and subsequent amendments thereto.

RESOLVED FURTHER THAT the pricing of the equity shares to be allotted shall be calculated in accordance with the provisions provided in Chapter VII of ICDR Regulations with reference to the Relevant Date.

RESOLVED FURTHER THAT the relevant date, for determination of price for the issue shall be 9th July, 2013 i.e. thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue.

RESOLVED FURTHER THAT the Board be and is hereby authorised to modify and decide the price, terms and conditions of the issue of the convertible warrants, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time. However, the issue price shall in no case be less than the price determined as per the provisions provided in Chapter VII of ICDR Regulations.

RESOLVED FURTHER THAT the equity shares issued on conversion of warrants shall rank pari-passu with the existing equity shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity shares.

RESOLVED FURTHER THAT the aforesaid warrants shall be in accordance with the following terms and conditions:

- A warrant by itself shall not give to a warrant holder thereof, any rights of the shareholder of the company.
- In the event, the equity shares of the company are either sub-divided or consolidated before the conversion of the warrants into equity shares of the company, then the face value, the number of equity shares to be acquired on conversion of the warrants and the warrant issue price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the company bears, to the newly sub-divided / consolidated equity shares without affecting any right or obligation of the said warrant holders; and
- In the event the company's equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the company, tender offer for equity shares of sale of undertaking, necessary



adjustments with respect to the terms of the aforesaid warrants shall be made by the company and such other action as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the warrant issue price, subject to necessary approvals.

RESOLVED FURTHER THAT that the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including but without limited to, appointment of consultants, solicitors or any other agencies as may be required and entering into arrangements for listing, trading, depository services and such other arrangements and agreements, as may be necessary and also to seek listing of the Equity Shares representing the Warrants on any Stock Exchange(s), to settle any questions, difficulties or doubts that may arise in regard to any such

issue, offer or allotment of Warrants/Equity Shares and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Officer(s) of the Company to give effect to this resolution."

By order of the Board  
For **Premier Explosives Limited**

Secunderabad  
29.05.2013

**Avinash Kumar Singh**  
Company Secretary

## Notes

- Mr. P. R. Tripathi and Dr. (Mrs.) Kailash Gupta retire by rotation at this meeting and seek reappointment. Their brief resumes are given in the Report on Corporate Governance.
- Dr. A. N. Gupta, Mr. T. V. Chowdary and Mr. K. Chalil seek approval for their reappointment vide Special Business item Nos. 7, 8 and 9. Their brief resumes are given in the Report on Corporate Governance.
- Members are required to bring the admission slip as given in Annexure-8 duly filled in.
- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and such proxy need not be a member of the company. Proxy form as given in Annexure-9 and power of attorneys, in order to be effective, must be received at the registered office of the company not later than 09.30 a.m. on 06.08.2013.
- Members are requested to utilise the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise their depository participants in case the shares are held in electronic form and to the Registrar and share transfer agent in case the shares are held in physical form. ECS mandate form is given in Annexure-10.
- The register of members and the share transfer books of the company will remain closed from 29.07.2013 to 08.08.2013 (both days inclusive).
- The dividend, if declared, will be paid to the members whose names appear in the register of members of the company as on 08.08.2013.
- The shares of the company are presently listed in the Bombay Stock Exchange and the company has paid up-to-date listing fee to the said stock exchange.
- Members are advised to avail nomination facility as per the amended provisions of the Companies Act, 1956, for which the nomination forms are available with the registrars to the company.
- As per the provisions of section 205A of the Companies Act, 1956 and introduction of section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.  
  
The shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2006 or any subsequent dividend payment(s) are requested to make their claim to the Company Secretary, Premier Explosives Limited, 'Premier House', 11, Ishaq Colony, Near AOC Centre, Secunderabad - 500015.
- Members holding shares in physical form are requested to inform immediately the change, if any, in their address to the Registrars, M/s Karvy Computershare Private Limited, Plot No.17-24, Vithal Rao Nagar, Madhapur, Hyderabad-500081.





Annexure to the Notice

## Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

### Item No. 6

As per the provisions of Section 293 (1) (a) of the Companies Act, 1956 the consent of the shareholders is required for mortgaging and / or charging of all the assets of the company to secure the working capital or other loans subject to a ceiling as may be fixed by the shareholders. Considering the present funds requirement of the company, the existing limit of Rs. 50 crores needs to be enhanced to Rs. 100crores.

Your directors recommend the same and the resolution may be passed as an ordinary resolution.

None of the directors is interested or concerned in the said resolution.

### Item no. 7

The present term of appointment of Dr. A. N. Gupta, Chairman & Managing Director expired on 13.02.2013. The Board of directors in its meeting held on 28.01.2013 has, subject to shareholders' approval, reappointed him as Chairman & Managing Director for a period of 3 years from 14.02.2013 at the remuneration as given below.

#### 1. Salary

Basic salary of Rs. 4,60,000/- (Rupees Four Lakhs Sixty Thousand only) per month with an annual increment of 15% rounded off to nearest Rs. 100 due on 1st April every year.

#### 2. Perquisites and allowances

In addition to salary mentioned above, he is entitled to the following perquisites, allowances and other benefits such that the monetary value of which shall be restricted to an amount equivalent to his annual basic salary.

- i. Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.
- ii. Gas, electricity, water, servant, security, gardener and soft furnishing subject to maximum of 10% of the basic salary.  
  
These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 198, 309, 310 and 311 and Schedule XIII annexed to the Companies Act, 1956.
- iii. Medical reimbursement for self and family to the extent of one month basic salary which can also be availed cumulatively up to 3 years or his tenure whichever is earlier, as per rules of the company.

- iv. Leave travel concession for self and family once in a year to the extent of one month basic salary.
- v. Club fees (maximum 2 clubs).
- vi. Mediclaim and Personal accident insurance as per rules of the Company.

#### 3. Other benefits

- i. Company's contribution towards Provident Fund.
- ii. Leave encashment at the end of tenure as per rules of the Company.  
  
In computing monetary ceiling of perquisites, the company's contribution to provident fund and leave encashment at the end of the tenure shall not be taken into account.
- iii. Use of Company Car with driver and Telephone at residence for official purposes.

#### 4. Minimum remuneration

In the event of loss or inadequacy of profits in any financial year, the Chairman & Managing Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.

#### 5. Commission

In addition to the salary, commission will be paid @ 1.5 % of the net profits in accordance with Section 349, 350 of the Companies Act, 1956 every year.

The above are to be considered as abstract of the terms pursuant to Section 302 of the Companies Act, 1956.

Your directors recommend the same and the resolution may be passed as a special resolution.

None of the directors except Dr. A. N. Gupta and Dr. (Mrs.) Kailash Gupta is interested or concerned in the said resolution.

Approval of the members is being sought by way of special resolution for payment of minimum remuneration in excess of the ceiling specified in sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act, and necessary applications will be made, if required, to the Central Government for approval of such payment.

### Item no. 8

The present term of appointment of Mr. T. V. Chowdary, Executive Director expires on 30.06.2013. The Board of directors in its meeting held on 29.05.2013 has, subject to



shareholders' approval, reappointed him as Executive Director for a period of 3 years from 01.07.2013 at the remuneration as given below.

1. Salary

- a. He will be entitled to a basic salary of Rs. 1,80,000/- (Rupees One Lakh Eighty Thousand only) per month with effect from 1st July 2013.
- b. His basic salary will be revised every year by the Remuneration Committee based on his performance and he may be awarded an increment of 10-20% (rounded off to nearest Rs. 100/-) with effect from 1st of April starting from April 2014.

2. Perquisites and allowances

In addition to salary mentioned above, he will be entitled to the following perquisites, allowances and other benefits such that their monetary value shall be restricted to an amount equivalent to his annual basic salary.

- i. Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.
- ii. Gas, electricity, water, servant, security, gardener and soft furnishing subject to maximum of 10% of the basic salary.

These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 198, 309, 310 and 311 and Schedule XIII annexed to the Companies Act, 1956.

- iii. Medical reimbursement for self and family to the extent of one month basic salary which can also be availed cumulatively up to 3 years or his tenure whichever is earlier, as per rules of the company.
- iv. Leave travel concession for self and family once in a year to the extent of one month basic salary as per rules of the company.
- v. Club fees (Membership fee in any one club not being admission and life membership fee).
- vi. Mediclaim and personal accident insurance as per rules of the Company.

3. Other benefits

- i. Company's contribution towards Provident Fund as per the rules and regulations prescribed under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

- ii. Leave encashment at the end of tenure as per rules of the Company.

In computing monetary ceiling of perquisites, the company's contribution to provident fund and leave encashment at the end of the tenure shall not be taken into account.

- iii. Use of Company Car with driver and Telephone at residence for official purposes.

4. Minimum remuneration

In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.

5. Commission

In addition to the salary, he will be entitled to commission @ 0.5% of the net profits of the company in accordance with Section 349, 350 of the Companies Act, 1956 every year.

The above are to be considered as abstract of the terms pursuant to Section 302 of the Companies Act, 1956.

Your directors recommend the same and the resolution may be passed as a special resolution.

None of the directors except Mr. T. V. Chowdary is interested or concerned in the said resolution.

Approval of the members is being sought by way of special resolution for payment of minimum remuneration in excess of the ceiling specified in sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act, and necessary applications will be made, if required, to the Central Government for approval of such payment.

**Item No. 9**

The present term of appointment of Mr. K. Chalil, Director (Marketing) expires on 30.06.2013. The Board of directors in its meeting held on 29.05.2013 has, subject to shareholders' approval, reappointed him as Director (Marketing) for a period of 3 years or up to superannuation, whichever is earlier, from 01.07.2013 at the remuneration as given below.

1. Salary

- a. He will be entitled to a basic salary of Rs. 1,80,000/- (Rupees One Lakh Eighty Thousand only) per month with effect from 1st July 2013.
- b. His basic salary will be revised every year by the Remuneration Committee based on his performance and he may be awarded an increment of 10-20% (rounded off to nearest Rs. 100/-) with effect from 1st of April starting from April 2014.



2. Perquisites and allowances

In addition to salary mentioned above, he will be entitled to the following perquisites, allowances and other benefits such that their monetary value shall be restricted to an amount equivalent to his annual basic salary.

- i. Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.
- ii. Gas, electricity, water, servant, security, gardener and soft furnishing subject to maximum of 10% of the basic salary.

These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 198, 309, 310 and 311 and Schedule XIII annexed to the Companies Act, 1956.

- iii. Medical reimbursement for self and family to the extent of one month basic salary which can also be availed cumulatively up to 3 years or his tenure whichever is earlier, as per rules of the company.
- iv. Leave travel concession for self and family once in a year to the extent of one month basic salary as per rules of the company.
- v. Club fees (membership fee in any one club not being admission and life membership fee).
- vi. Mediclaim and personal accident insurance as per rules of the Company.

3. Other benefits

- i. Leave encashment at the end of tenure as per rules of the Company.  
In computing monetary ceiling of perquisites, the leave encashment at the end of the tenure shall not be taken into account.
- ii. Use of Company Car with driver and Telephone at residence for official purposes.

4. Minimum remuneration

In the event of loss or inadequacy of profits in any financial year, the Director (Marketing) shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.

5. Commission

In addition to the salary, he will be entitled to commission @ 0.5% of the net profits of the company in accordance with Section 349, 350 of the Companies Act, 1956 every year.

The above are to be considered as abstract of the terms pursuant to Section 302 of the Companies Act, 1956.

Your directors recommend the same and the resolution may be passed as a special resolution.

None of the directors except Mr. K. Chalil is interested or concerned in the said resolution.

Approval of the members is being sought by way of special resolution for payment of minimum remuneration in excess of the ceiling specified in sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act, and necessary applications will be made, if required, to the Central Government for approval of such payment.

**Matter common to Item nos. 7, 8 and 9**

Additional information in terms of sub-clause (iv) of the proviso to sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act is furnished below:

**I. General information**

- |   |   |   |
|---|---|---|
| 1 | Nature of industry  | <ul style="list-style-type: none"> <li>● Manufacture of commercial explosives</li> <li>● Design, development and manufacture of defence products</li> <li>● Operations and maintenance services for defence and space establishments</li> <li>● Generation of renewable energy</li> </ul> |
| 2 | Date or expected date of commencement of commercial production  | 9th September 1980  |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Nil   |



4	Financial performance based on given indicators	Financial Year 2012-13 Net revenue: Rs. 11146.57 lakhs Profit before tax : Rs. 743.59 lakhs Profit after tax: Rs. 533.92 lakhs
5	Export performance and net foreign exchange collaborations	FOB value of exports: Rs. 622.21 lakhs (2012-13)
6	Foreign investments or collaborators, if any	Nil

## II. Information about the appointees

### Dr. A.N.Gupta

1	Background details	Age: 68 yrs Qualification: M. Sc. (Mining engineering) from Indian School of Mines, Dhanbad
2	Past remuneration	Rs. 105.02 lakhs (2012-13)
3	Recognition or awards	<ul style="list-style-type: none"> <li>• Recipient of 'Pickering and ISM Medal' from Indian School of Mines, Dhanbad</li> <li>• Received Gold Medal from Mining Geological and Metallurgical Institute of India for best paper for the year 1977-78</li> <li>• Was Chairman of Explosives Development Council and Chairman of Explosives Manufacturers Association of India</li> </ul>
4	Job profile and his suitability	<ul style="list-style-type: none"> <li>• Chairman and Managing Director</li> <li>• Founder-promoter</li> <li>• Steered the company from commercial explosives to technology-products like solid propellants for missile programs</li> <li>• Promoted R&amp;D in the company giving results like receiving DRDO's Technology Absorption Award from Prime Minister of India</li> <li>• Responsible for development and production of safer and green detonator using NHN as primer in place of conventional ASA</li> <li>• Has made distinguished contributions to the field of science and technology leading to conferment of Doctor of Science</li> </ul>
5	Remuneration proposed	Please refer to Item no. 7 containing the terms of re-appointment.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Shareholder with 15.80% holding as on 29.05.2013. Related to Dr. (Mrs.) Kailash Gupta, Director.





**Mr. T.V. Chowdary**

1	Background details	Age: 55 yrs Qualification: B. Sc. Tech (Petroleum)
2	Past remuneration	Rs. 33.53 lakhs (2012-13)
3	Recognition or awards	NA
4	Job profile and his suitability	<ul style="list-style-type: none"><li>● Executive Director</li><li>● On board since 2005</li><li>● A chemical engineer with over 31 years of experience in production of explosives, detonators, petrochemicals, coal tar pitches &amp; enamels, mushrooms and solid propellants</li><li>● Project execution is his forte</li><li>● Excellent in HR management</li><li>● Steadfast trouble-shooter</li></ul>
5	Remuneration proposed	Please refer to Item no. 8 containing the terms of re-appointment.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel if any	None

**Mr. K. Chalil**

1	Background details	Age: 73 yrs Qualification: Graduate-AIME-Mining
2	Past remuneration	Rs. 31.17 lakhs (2012-13)
3	Recognition or awards	NA
4	Job profile and his suitability	<ul style="list-style-type: none"><li>● Director (Marketing)</li><li>● On board since 2005</li><li>● A mining engineer with over 40 years of experience in major mining and quarrying industries/ explosive industry</li><li>● Specialised in the areas of explosives application and marketing</li></ul>
5	Remuneration proposed	Please refer to Item no. 9 containing the terms of re-appointment.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	None



### III. Other information

- |   |  |
|---|--|
| <p>1 Reasons of loss or inadequate profits</p> <p>Steps taken or proposed to be taken for improvement</p> | <p>There was an accident in the detonators plant and the operations have been adversely affected during the financial year 2012-13</p> <p>Root cause of the accident is sensitivity of the ASA based primer used in production of detonators.</p> <p>The company, for the first time in India and perhaps in the world, productionised the detonators with NHN as primer at commercial scale. NHN is significantly safer than ASA. Having no lead element, it is eco-friendly also. This innovative detonator has been produced in conformity with applicable regulations and it has been accepted in the market as a quality product.</p> <p>With production of detonators coming back to normalcy, the company is confident of improved performance in 2013-14..</p> |
| <p>3 Expected increase in productivity and profits in measurable terms</p>                                | <p>The aforesaid measures in production of detonators are expected to improve the Company's performance in future</p> <p>Further, the company has got an order from Coal India for supply of explosives valued at about Rs.30 crores p.a. for a period of three years. The year 2013-14 is first year of full production out of the said three-year period and hence company expects higher revenues.</p> <p>The company also expects higher turnover from another product, solid propellant, used in missile programs. While 91 such propellants were supplied to a major customer in 2012-13, now the company is expecting to more than double such supply in 2013-14 as the company has received a new order for 441 nos. recently.</p>                             |

#### Item no. 10

The special resolution as mentioned in this item proposes to authorize the Board of directors to issue and allot up to 9,50,000 convertible warrants to the promoters and employees category for raising of further funds.

Information pertaining to the proposed preferential allotment in terms of the Chapter VII of SEBI (ICDR) Regulations, 2009 ("ICDR Regulations") and subsequent amendments there to is stated below.

#### 1) Objects of the issue

The purpose of the issue of convertible warrants is to aid the Company to raise the funds to augment the long term resources of the Company for the purpose of financing capital expenditure for the projects both at present & future and to augment the working capital of the Company.

#### 2) Pricing of the issue and Relevant date

The "relevant date" for the purpose of pricing of the resultant share is 9th July 2013 i.e. thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue as per Regulation 71 of ICDR Regulations.

The above said warrants on conversion shall rank pari-passu in all respects with, and carry the same rights including dividend as the existing equity shares.

The issue price of convertible warrants will be calculated and fixed in the manner specified for pricing of shares, as per the ICDR Regulations. For this purpose, the price quotations on BSE Limited will be considered.

#### 3) The proposal of the promoters and employees of the issuer to subscribe to the offer

The proposed allottees for 9,50,000 convertible warrants are promoters and employees of the Company.

They propose to subscribe for the above said convertible warrants.

The Company is interested to augment the long term resources of the Company for the purpose of financing capital expenditure for the projects both at present & future and to augment the working capital of the Company. Hence the requirement of securities on preferential basis is necessitated.



- 4) The identity of the proposed allottees, the percentage of pre and post preferential issue capital that may be held by them consequent to the preferential issue

Sl. No.	Category / Name of the proposed allottee	Pre issue holding as on May 24, 2013		No. of warrants proposed to be issued	Post issue holding*	
		No. of shares	% of shares		No. of shares	% of shares
	<b>Promoters</b>					
1	Amarnath Gupta	12,83,895	15.80	3,21,000	16,04,895	17.68
2	Amarnath Gupta (HUF)	5,24,697	6.46	1,32,000	6,56,697	7.23
3	Kailash Gupta	8,40,588	10.34	2,10,000	10,50,588	11.57
4	Shonika Gupta	7,89,581	9.71	1,98,000	9,87,581	10.88
5	Mahek Prasad	82,313	1.01	21,000	1,03,313	1.14
	<b>Employees</b>					
6	Venkaiah Chowdary Tripuraneni	5,000	0.06	20,000	25,000	0.28
7	K Chalil	2,474	0.03	10,000	12,474	0.14
8	N V Srinivasa Rao	50	-	7,500	7,550	0.08
9	Chitiprolu Subbarao	-	-	2,000	2,000	0.02
10	Vikram Mahajan	3,727	0.05	20,000	23,727	0.26
11	Yarlagadda Krishna Rao	100	-	6,500	6,600	0.07
12	P Ravinder Rao	300	-	2,000	2,300	0.03

\* Assuming that 9,50,000 convertible warrants will be converted into 9,50,000 equity shares.

- 5) Shareholding pattern before and after the preferential issue of the capital would be as follows

Sl. No	Category	Pre issue holding as on May 24, 2013		Post issue holding*	
		No of shares	% of shares	No of shares	% of shares
<b>A</b>	<b>Promoter Shareholding</b>				
1	Indian Promoters	35,21,074	43.32	44,03,074	48.50
2	Foreign Promoters	-	-	-	-
	Sub-total (A)	35,21,074	43.32	44,03,074	48.50
<b>B</b>	<b>Public Shareholding</b>				
1	Institutions	1,300	0.02	46,74,501	51.50
2	Non-Institutions				
a	Bodies Corporate	6,36,531	7.83		
b	Individuals	34,73,023	42.73		
c.	Any others				
i)	Trusts	200	Negligible		
ii)	Clearing Members	1,200	0.02		
iii)	NRI's	4,94,247	6.08		
	Sub-total (B)	46,06,501	56.68	46,74,501	51.50
	<b>Grand Total (A+B)</b>	<b>81,27,575</b>	<b>100.00</b>	<b>90,77,575</b>	<b>100.00</b>

\* Assuming that 9,50,000 convertible warrants will be converted into 9,50,000 equity shares.



## 6) Control

As a result of the proposed preferential allotment of convertible warrants, there will be no change in the composition of the Board of Directors and control of the company.

## 7) The proposed time within which the preferential issue shall be completed

The allotment of convertible Warrants shall be completed within a period of 15 days from the date of passing of the resolution by the shareholders provided that where the allotment is pending on account of pendency of any approvals from any regulatory authority or the Central Government, the allotment shall be completed by the company within a period of 15 days from the date of all such approvals.

An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on allotment of the warrants. The warrants would be allotted on the following terms:

- a. The holder of warrants will have an option to apply for and be allotted 1 (one) Equity share of the Company per warrant, any time after the date of allotment of warrants, but on or before the expiry of 18 months from the date of allotment of warrants in one or more tranches.
- b. Upon receipt of the payment for the balance amount for conversion of warrants, if any, the Board shall allot one Equity share per warrant by appropriating Rs.10/- towards equity share capital and the balance amount paid against each equity share, towards the securities premium.
- c. If the entitlement against the warrants to apply for the Equity share is not exercised within the period specified, the entitlement of the warrant holder to apply for Equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- d. The warrant holder shall also be entitled to any future bonus/rights issue(s) of equity shares or other securities convertible into Equity shares by the company, in the same proportion and manner as any other members of the Company for the time being.
- e. The warrants by itself do not give to the holder thereof any rights of the members of the company.

## 8) Approvals

The company will take necessary steps to obtain the required approvals from the Stock Exchange, SEBI, FIPB, RBI or any other regulatory agency as may be

applicable for the proposed preferential issue of equity shares.

## 9) Holding of shares in demat form, non-disposal of shares by the proposed allottees

The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form. The entire pre preferential allotment shareholding of such allottees shall be under lock-in from the relevant date up to a period of six months from the date of preferential allotment of convertible warrants. The shareholder who has sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of convertible warrants on preferential basis.

## 10) Lock-in period

The equity shares allotted on preferential basis to promoter or promoter group on conversion of warrants shall be subject to 'lock-in' for three years from the date of their allotment as per Clause 78 (1) of the ICDR Regulations.

Provided that not more than twenty per cent of the total capital of the company shall be locked-in for three years from the date of allotment.

Provided further that equity shares allotted in excess of the twenty per cent shall be locked-in for one year from the date of their allotment pursuant to exercise of options or otherwise, as the case may be.

The equity shares allotted on preferential basis to persons other than promoter and promoter group on conversion of warrants shall be subject to 'lock-in' for one year from the date of their allotment as per Clause 78 (2) of the ICDR Regulations.

## 11) Auditor's certificate

The price at which the Warrants would be issued to the proposed allottees cannot be exactly determined before issue of this notice to the shareholders, as it depends on the average of the market prices prevailing in the preceding 2 weeks or twenty six weeks of the relevant date as per the ICDR Regulations. Hence, the Auditors' Certificate required under Regulation 73(2) of ICDR Regulations shall be placed at the annual general meeting.

## 12) Undertakings

In terms of ICDR Regulations,

- a. The Company undertakes that it shall re-compute the price of the Warrants in terms of the provisions of ICDR Regulations, wherever it is required to do so.
- b. The Company undertakes that if the amount payable on account of the re-computation of price is not





paid within the time stipulated in ICDR Regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottee.

### 13) Compliances

The company has complied with the requirements of listing agreement including clause 40A i.e. maintaining a minimum of 25% of the paid up capital in the hands of public.

### 14) Approval under the Companies Act, 1956

Section 81(1A) of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares/warrants, such shares/warrants shall be first offered to the existing shareholders of the company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and

all other applicable provisions of the Companies Act, 1956, SEBI guidelines or regulations and the provisions of the Listing Agreement with the Stock Exchanges for authorizing the Board to offer, issue and allot convertible warrants as stated in the resolution, which would result in a further issuance of securities of the company to the promoters on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

Dr. A. N. Gupta, Chairman and Managing Director, Dr. (Mrs.) Kailash Gupta, Director, Mr. T. V. Chowdary, Executive Director, Mr. K. Chalil, Director (Marketing) and Dr. N. V. Srinivasa Rao, Director (Production) are deemed to be interested in the passing of this Resolution as set out in the accompanying notice pursuant to Section 173 of the Companies Act, 1956.

None of the other Directors of the Company are in anyway concerned or interested in the resolution except to the extent of the shareholding held by them.

The Directors recommend the resolution for the approval of the members.



## Directors' Report

Dear Members

Your directors are pleased to present the 33rd annual report together with the audited accounts of the company for the year ended 31st March, 2013.

### 1. Financial performance

	(Rs. in lakhs)	
	2012-13	2011-12
Gross sales	11941.73	11569.18
Excise duty	(1058.13)	(834.58)
Net sales	10883.60	10734.60
Other operating revenue	56.50	96.93
Other income	206.47	169.89
Net revenue	11146.57	11001.42
Gross profit	1175.04	1908.54
Finance costs	(179.89)	(101.62)
Depreciation	(214.50)	(186.66)
Exceptional items(net)	(37.06)	39.20
Profit before tax	743.59	1659.46
Provision for tax	(209.67)	(465.36)
Profit after tax	533.92	1194.10
EPS (Rs.)	6.57	14.69
Net worth	4,845.68	4549.43
Book value per share (Rs.)	59.62	55.98

Your company has achieved a marginal increase in sales revenue at Rs.10884 lakhs for the year 2012-13 compared to Rs. 10735 lakhs in the previous year.

However, production of high-margin detonators being affected by accident, gross profit decreased from Rs. 1909 lakhs to Rs.1175 lakhs and profit before tax from Rs.1659 lakhs to Rs.744 lakhs.

Net profit for the year stood at Rs.534 lakhs, as against Rs.1194 lakhs for the previous year, resulting in a lower EPS at Rs.6.57 coming down from Rs.14.69 for the previous year.

### 2. Dividend

Your directors recommend a dividend of Rs.2.50 per share for the year ended 31st March, 2013 on the amount of paid up share capital.

### 3. Reserves

Total reserves as on 31st March, 2013, after providing for dividend for the year, stood at Rs. 4033lakhs, representing an increase of 8% from last year's Rs.3737 lakhs.

Book value increased from Rs.55.98 per share to Rs.59.62, after providing for the proposed dividend of Rs.2.50 and corporate dividend tax of Re.0.43 per share.

### 4. Deposits

There were no deposits at the end of the year which were due but not paid.

### 5. Credit rating

ICRA has maintained the long-term credit rating at '(ICRA)A-(Stable)' and short-term rating at '(ICRA)A2+'.

### 6. Accident at detonators plant

There was an unfortunate accident on 16th July, 2012 in ASA section of detonators plant at our Peddakandukuru premises. Apart from damage to assets and stocks, we lost production of about 30 million detonators in the financial year.

Sadly, two of our workers lost their lives.

We analysed the root-cause of the accident and after a thorough debate replaced the highly sensitive chemical ASA with a safer one, NHN. So far this chemical has been tested only at lab scale and no one has attempted to use it at commercial scale, but your company took it as a challenge and started production of NHN detonator after meeting the applicable regulatory requirements. You will be pleased to note the innovative detonator has been accepted by the market as a quality product.

Apart from being safer in production, these new detonators are eco-friendly also, containing no element of lead.

This innovative initiative has consumed a lot of our time and we had to forego some of our revenues in 2012-13.

However, we are happy to inform you that production of detonators has already reached normal level in the first two months of 2013-14.

### 7. Operations

Owing to the accident, we lost production of about 30 million detonators.

Production of bulk explosives increased to 15,380 tons from previous year's 14,984 tons, helped by new orders in some locations, though at other locations some old contracts ended or renewals came late.



Packaged explosives plant, commenced in the second half of the year, had stabilized and started yielding revenues.

There had been remarkable improvement in defence and allied products assuaging the other negative impacts to some extent.

Operations & maintenance contracts have given steady streams of revenues.

Windmill at Pushpathur generated 16.41 lakh units of power compared to 16.12 lakh during the previous year.

## 8. Future outlook

General economic conditions, environmental issues, slowdown in infrastructure projects, etc. are the concerns that can impact the demand for explosives. However, early indications for 2013-14 have been positive so far and your company has been taking necessary steps to achieve better performance during 2013-14.

In June 2013, Ministry of Defence promulgated the Defence Procurement Procedure 2013 aimed at developing a robust indigenous defence sector and creating level playing field between the private and public sectors.

The changes in new policy include simplification of "Buy & Make (Indian)" Procedure, clear definition of indigenous content, finalization of Defence Items List for clarity on licensing, doing away with requirement of licensing for dual-use items (with civil as well as military applications), etc.

The new policy would help in your company's ambitions to build up defence product capabilities. Premier has already entered defence production sector in a significant way and today it is a niche player in the missile / rocket field and is one amongst a handful of companies with its competence to design and develop the rocket motors. Having been working with many defence entities for about a decade, Premier looks forward to contribute its bit towards strengthening the national defence and security.

## 9. Statutory auditors

M/s P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad retire at the forthcoming annual general meeting and being eligible offer themselves for reappointment.

## 10. Auditors' report

Auditors' report contains a matter of emphasis and a qualification.

Matter of emphasis is about our interests in joint ventures. The company has made full provisions against the investments in joint ventures. As the accounts of these joint ventures are not available, the company's share of assets and liabilities and income and expenditure could not be given. There is no impact on the profit for the year due to non-disclosure of these details.

Qualification is about the requirement of approval of Central Government for the remuneration paid to Chairman & Managing Director. His remuneration, for a period of three years, had been approved by the shareholders in the Annual General Meeting held on 31st July, 2010, subject to the approval of Central Government, if required. In view of satisfactory financial performance, approval of the Central Government had not been required for the managerial remuneration paid during the years 2010-11 and 2011-12. However, during the year 2012-13 there was an accident in the detonators plant and the operations had been adversely affected. Consequential inadequacy of profit resulted in the managerial remuneration being in excess of the amount payable in terms of sections 198 and 309 read with schedule XIII of the Companies Act, 1956. The company is taking necessary steps to obtain the approval of Central Government.

## 11. Directors

Mr. P.R.Tripathi and Dr. (Mrs.) Kailash Gupta retire by rotation at the ensuing annual general meeting and being eligible offer themselves for reappointment.

## 12. Directors' responsibility statement pursuant to section 217 (2AA) of Companies Act, 1956

Your directors confirm that

- the applicable accounting standards have been followed;
- the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2013 and of the profit of the company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.



**13. Management discussion and analysis**

A report on management discussion and analysis is placed at Annexure-1.

**14. Corporate governance**

Pursuant to clause 49 of the listing agreement with the stock exchange, a detailed report is given at Annexure-2 along with the auditors' certificate in the Annexure-3 and CEO & CFO certificate in the Annexure-4.

**15. Conservation of energy, technology absorption and foreign exchange earnings and outgo**

Information pursuant to section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is given in the Annexure-5.

**16. Particulars of employees**

In accordance with the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, particulars of employees of the company are furnished in the Annexure-6.

**17. Green initiatives**

Your company is installing a new 250KW solar PV plant during the year 2013-14, at Peddakandukuru premises, to ensure uninterrupted production in the power starved state of Andhra Pradesh.

Together with the existing windmill and rooftop solar PV plant, the company would henceforth produce a lot more of green power than the grid-power it consumes.

Your company has been sending electronic documents to the shareholders and thus reducing the paper consumption to an extent.

We reiterate our request to the relevant shareholders to register their email id's with their depository participants.

E-communication Registration Form (Annexure-7) has been enclosed for this purpose.

**18. Research and development**

Your company pursues applied research to be able to produce new products and also to produce the old products better.

As mentioned earlier, NHN detonator is one of the products that resulted from our R&D pursuits.

During the year we also produced a unique solid propellant for a prestigious missile program, meeting all the technical parameters.

This year we saw our collaboration with University of Gulbarga yielding the first Ph.D.

The research scholar who worked at Premier's research centre as part of his doctorate program got the degree for his thesis "Synthesis, characterization and studies of some important noble metal and metal oxide nanoparticles as energy materials" under the supervision of two of our directors.

**19. Industrial relations**

Your directors thank all the employees for their cooperation and the contribution towards harmonious relationship and progress of the company.

**20. Acknowledgements**

Your directors place on record their appreciation of the continued support and cooperation from all employees, customers, suppliers, financial institutions, banks, regulatory authorities and other business associates.

For and on behalf of the Board

Secunderabad  
29.05.2013

**Dr. A.N. Gupta**  
Chairman & Managing Director





Annexure-1 to the Directors' Report

## Management Discussion & Analysis

### 1. Industry structure and developments

Explosives industry in India primarily serves coal mining while supplies to mining of other minerals and exports occupy a smaller pie.

There are more than fifty small and large explosive-manufacturers comprising of proprietary firms to outfits of multinational companies. The arena, therefore, is highly competitive with the players coming with varying and multiple sets of strengths and backgrounds.

Explosives are the riskiest products to manufacture - production, storage, handling and transport of finished goods as well as raw materials - every step in the cycle being a concern of safety. Added to this is the risk of the goods falling into the hands of antisocial elements.

Above factors subject the industry to a plethora of controls and compliances.

### 2. Opportunities

Prospects of explosives industry is primarily linked to mining, especially coal mining, which in turn is driven by demand for power.

As per the Planning Commission of Government of India, production of coal in 2011-12 was 540 million tons, which is expected to reach 795 million tons by 2016-17, which translates into a cumulative annual growth rate (CAGR) of 8%.

On defence front, the Government is going for massive modernization and indigenization of armed forces with particular emphasis on private sector participation in design and production of defence supplies.

From the above macro factors we can safely assume explosives business industry can grow satisfactorily in the foreseeable future.

### 3. Threats, risks and concerns

Growth of IIP (index of industrial production) in 2012-13 has declined to just 1% from 2.9% in 2011-12 and 8.2% in 2010-11. This poses a general economic risk, including to the industry and to the company.

During the past few years, there have been environmental concerns about thermal power projects, there has been high decibel advocacy in favour of nuclear power and there has been rapid progress in wind/solar power generation. These developments may point declining dependence on coal (and its mining) for power which can have the impact of denting the demand for explosives.

However, it may not happen in near future. As per Planning Commission, share of coal and lignite in total energy production was 68.53% in 2011-12 which is expected to decline only marginally to 67.52% by 2016-17.

Market competition, risk of accidents, recent regulations constraining movement of explosive products and main raw material Ammonium Nitrate, still weakening general economic prospects, etc. are the risks encountered by the industry and your company is well prepared to face these challenges.

### 4. Segment-wise performance

The company's business predominantly comprises of explosives segment. The other segment is wind power. Segment-wise revenue and other details are provided in note no. 30.2.12 'Segment reporting'.

### 5. Outlook

During the year 2012-13 we secured a three-year supply contract for bulk explosives which will help to enhance our top-line, though the expected margins would be lower than in other products.

With the commissioning of a new plant, now we can produce and supply sustainer grains to the missile programs, which would complement our existing product line of booster grains.

Newly introduced products, cartridged explosives, are now proven in the markets which are expected to add incremental revenues.

Subject to any unforeseen developments, your directors are confident of a better year ahead.

### 6. Internal control systems and their adequacy

The company has adequate internal control systems (including independent internal audit and cost compliance certification) commensurate with the size and nature of its business. The Audit Committee in every meeting interacts with the statutory and internal auditors.

The Board of directors reviews compliance of all statutory provisions and business activities.

### 7. Discussion on financial performance with respect to operational performance

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with notified accounting standards issued in terms of



the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Current year's net turnover at Rs.10884 lakhs is static compared to last year's Rs. 10735 lakhs. Profit before tax at Rs.744 lakhs is 55% lower than previous year's Rs.1659 lakhs. Unsatisfactory performance is mainly on account of the accident in detonators plant affecting the production there.

voluntarily. Relations between the management and employees have been cordial. Employees have been imparted training in their respective areas for better performance. The management acknowledges the contributions made by each and every employee and records its appreciation for the cooperation extended by them at all levels.

**8. Material developments in human resources/ industrial relations front including number of people employed**

For and on behalf of the Board

The company has 1,152 employees as on 31st March, 2013. During the year, eight workers have retired

Secunderabad  
29.05.2013

**Dr. A.N. Gupta**  
Chairman & Managing Director

**Cautionary note**

Statements in the management discussion and analysis describing the company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand / supply and price conditions in the markets in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.



## Annexure-2 to the Directors' Report

**Report on Corporate Governance****1. Company's philosophy**

Your company firmly believes that good corporate governance is a necessary discipline and a means of achieving and attaining the goals and objectives of the company. Your company has been practicing the principles of corporate governance over the years.

The Board of directors lays strong emphasis on transparency, accountability and integrity.

**2. Board of directors**

2.1. There are 6 non-executive directors out of a total 10 directors on the Board. At 60 %, this ratio is more favourable than 50% prescribed under clause 49 A (i) of the listing agreement.

The company has an executive chairman and has 50% independent directors, which is in conformity with clause 49 A (ii).

The categories and names of the directors on the Board are given below.

**1. Executive****a) Promoter**

Dr. A. N. Gupta  
(Chairman & Managing Director)

**b) Non-promoter**

Mr. T. V. Chowdary  
Mr. K. Chalil  
Dr. N. V. Srinivasa Rao

**2. Non - executive promoter**

Dr. (Mrs.) Kailash Gupta

**3. Non-executive, independent**

Dr. Haridwar Singh  
Mr. Anilkumar Mehta  
Mr. P. R. Tripathi  
Dr. A. Venkataraman  
Mr. K. Rama Rao

2.2. Attendance of the directors at the Board meetings and the last AGM is given below.

Name of the director	No. of Board meetings		Attendance in the last AGM held on 30.07.12
	held during the tenure	attended	
Dr. A.N.Gupta	4	4	Yes
Mr. T.V.Chowdary	4	4	Yes
Mr. K.Chalil	2	4	No
Dr. N.V.Srinivasa Rao	3	4	No
Dr. (Mrs.) Kailash Gupta	4	4	Yes
Dr. Haridwar Singh	4	4	Yes
Mr. Anilkumar Mehta	4	4	Yes
Mr. P. R. Tripathi	4	4	Yes
Dr. A. Venkataraman	3	4	Yes
Mr. K. Rama Rao	4	4	Yes

2.3. None of the directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in clause 49, across all the companies in which he or she is a director. Necessary disclosures regarding committee positions in other public companies as at March 31, 2013 have been made by the directors. The number of directorships and committee chairmanships / memberships held by them in other companies is given below.

Name of the director	Board of directors		Board committees	
	Director	Chairman	Member	Chairman
Dr. A.N.Gupta	2	1	-	-
Mr. T.V.Chowdary	3	-	-	-
Mr. K.Chalil	2	-	-	-
Dr. N.V.Srinivasa Rao	1	-	-	-
Dr. (Mrs.) Kailash Gupta	2	-	-	-
Dr. Haridwar Singh	2	-	-	-
Mr. Anilkumar Mehta	-	-	-	-
Mr. P. R. Tripathi	4	2	3	-
Dr. A. Venkataraman	-	-	-	-
Mr. K. Rama Rao	-	-	-	-

2.4. Four Board meetings were held during the year on 23.05.2012, 30.07.2012, 03.11.2012 and 28.01.2013. The gap between any two consecutive meetings did not exceed four months.



2.5. None of the non-executive directors had any material pecuniary relationship or transaction with the company.

2.6. Shareholding of independent directors as on 31st March, 2013

Mr. Anilkumar Mehta held 3,500 equity shares equal to 0.04% of voting rights. Other independent directors did not hold any shares in the company.

2.7. Reappointment of directors at the 33rd AGM

Mr. P. R. Tripathi and Dr. (Mrs.) Kailash Gupta are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Dr. A. N. Gupta, Chairman and Managing Director, Mr. T. V. Chowdary, Executive Director and Mr. K. Chalil, Director (Marketing) seek approval for their reappointment at the ensuing Annual General Meeting.

Profiles of these five directors are available under 'Board profile'.

2.8. Code of conduct:

The Board has laid down code of conduct for all Board members and senior managerial personnel of the company. The code of conduct is available on the website of the company at [www.pelgel.com](http://www.pelgel.com).

All Board members and senior managerial personnel have affirmed compliance with the code of conduct. A declaration to this effect is signed by the Chairman & Managing Director.

### 3. Audit committee

3.1. Audit Committee of the company is constituted with the following directors in line with the provisions of clause 49 of the listing agreement entered into with the Bombay Stock Exchange read with section 292A of the Companies Act, 1956.

Mr. P. R. Tripathi (Chairman)

Mr. Anilkumar Mehta

Mr. K. Rama Rao

The Company Secretary acted as secretary to the Audit committee.

3.2. Mr. P. R. Tripathi, Chairman of the Audit Committee was present at the previous annual general meeting of the company held on 30th July 2012.

3.3. The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of section 292A of the Companies Act, 1956 and

clause 49 of the listing agreement as amended from time to time and / or any other powers, duties and obligations. The said Committee submits its report, recommendations etc., to the Board of directors on all the required matters.

3.4. The role of Audit Committee includes-

3.4.1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

3.4.2. Recommending the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors and fixation of audit fees.

3.4.3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

3.4.4. Reviewing with the management, the annual financial statements, before submission to the Board for approval, with particular reference to

a) Matters required to be included in the Director's Responsibility Statement to be included in the Board report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

b) Change, if any, in accounting policies and practices and reasons for the same.

c) Major accounting entries involving estimates based on the exercise of judgment by management.

d) Significant adjustments made in the financial statements arising out of audit findings.

e) Compliance with listing and other legal requirements relating to financial statements.

f) Disclosure of any related party transactions.

g) Qualification in the draft audit report.

3.4.5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

3.4.6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of internal control systems.



- 3.4.7. Reviewing the adequacy of internal control function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 3.4.8. Discussion with internal auditors of any significant findings and follow up thereon.
- 3.4.9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 3.4.10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- 3.4.11. To look into reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders and creditors.
- 3.4.12. To review the functioning of the whistle blower mechanism.
- 3.4.13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 3.5. The Audit Committee reviews the following information
  - 3.5.1. Management discussion and analysis of financial condition and results of operation;
  - 3.5.2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - 3.5.3. Management letters/ letters of internal control weaknesses issued by statutory auditors;
  - 3.5.4. Internal audit report relating to internal control weaknesses;
  - 3.5.5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

- 3.5.6. Details of investments of surplus funds;
- 3.5.7. Legal compliance report and
- 3.5.8. Any other information or report requested by the Audit Committee from time to time.

- 3.6. The Audit Committee met four times during the year on 23.05.2012, 30.07.2012, 03.11.2012 and 28.01.2013. The necessary quorum was present at all the meetings. Details of attendance at the meetings are given below:

Name of the director	No. of meetings held during the member's tenure 2012-13	
	Held	Attended
Mr. P. R. Tripathi	4	4
Mr. Anilkumar Mehta	4	4
Mr. K. Rama Rao	4	4

#### 4. Remuneration committee

- 4.1. The Remuneration Committee has the following directors as members:

Mr. P. R. Tripathi (Chairman)

Mr. Anilkumar Mehta

Mr. K. Rama Rao

The Company Secretary acted as secretary to the Remuneration committee.

- 4.2. The responsibility of the committee is to review and fix the remuneration package of the Managing / Whole-time directors based on performance and other criteria; to consider and approve service contracts, notice period, severance fee and to consider and approve stock option schemes, if any.
- 4.3. The Remuneration Committee met twice on 23.05.2012 and 28.01.2013 during the year, attended by all members, for deciding the annual increment in remuneration of Mr. T. V. Chowdary, Executive Director and Mr. K. Chalil, Director (Marketing) with effect from 01.04.2012 and for reappointment and revision in remuneration of Dr. A. N. Gupta, Chairman and Managing Director for a period of three years with effect from 14.02.2013.





4.4. Details of remuneration to the directors

(Rs. in lakhs)

Name of the director	Salary & Allowances	Benefits	Commission	Sitting fee as a director	Sitting fee as a committee member	Total
<b>Executive directors</b>						
Dr. A. N. Gupta	63.16	27.58	14.28	-	-	105.02
Mr. T. V. Chowdary	22.31	6.46	4.76	-	-	33.53
Mr. K. Chalil	22.31	4.10	4.76	-	-	31.17
Dr. N. V. Srinivasa Rao	16.85	7.60	4.76	-	-	29.21
<b>Non-executive directors</b>						
Dr. (Mrs.) Kailash Gupta	-	-	-	0.40	0.60	1.00
Mr. Anilkumar Mehta	-	-	-	0.40	0.90	1.30
Dr. Haridwar Singh	-	-	-	0.40	-	0.40
Mr. P. R. Tripathi	-	-	-	0.40	0.30	0.70
Mr. K. Rama Rao	-	-	-	0.40	0.30	0.70
Dr. A. Venkataraman	-	-	-	0.30	-	0.30

5. Shareholders / Investors Grievance Committee

- 5.1. The members of the Shareholders / Investors Grievance Committee are

Mr. Anilkumar Mehta	Chairman, non-executive, independent director
Mr. T. V. Chowdary	Executive director
Dr. (Mrs.) Kailash Gupta	Non-executive, non-independent director
Mr. Avinash Kumar Singh,	Company Secretary is the compliance officer.

- 5.2. The Board of directors entrusted, inter alia, the following powers and responsibilities to the committee:

- 5.2.1. To approve and register transfer, transmission, issue of duplicate shares, to approve the demat requests and remat requests;
- 5.2.2. To attend to shareholders' grievances and redress the complaints of shareholders and the complaints received from other authorities.
- 5.3. During the year under review, company received a total of 25 complaints from shareholders. All were redressed to the satisfaction of the shareholders and no complaint was outstanding as on 31st March, 2013.

6. Subsidiaries

The company does not have any subsidiaries as on 31st March, 2013.

7. CEO and CFO Certification

The CEO and CFO of the company have certified to the Board in relation to reviewing financial statements and other information as mentioned in para V of clause 49 of the listing agreement and the required certificate is appended.

8. General body meetings

Details of last three Annual General Meetings, all held at SuranaUdyog Auditorium, FAPCCI, 11-6- 841, Red Hills, Hyderabad - 500004, are given below:

Year	Date	Time	No. of special resolutions passed
2009-10	31.07.2010	11.00 a.m	3
2010-11	18.07.2011	11.00 a.m.	-
2011-12	30.07.2012	11.00.a.m.	1

9. Postal ballot resolutions

During the year, no business was transacted through postal ballot.



**10. Submission of quarterly compliance reports to stock exchange**

The company is regularly submitting its quarterly compliance report to the stock exchange for the compliance of requirements of corporate governance under para VI (ii) of clause 49 of listing agreement and has complied with its applicable mandatory requirements.

**11. Risk management**

The company has established a robust procedure for assessment and minimization of risks. This is reviewed regularly by the Board of directors. A more elaborate risk management process as contemplated by the revised clause 49 of the listing agreement has been included in the management discussion and analysis report.

**12. Disclosures**

12.1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large

During the year ended 31.03.2013 there were no materially significant related party transactions that may have potential conflict with the interest of the company at large. Other related party transactions have been reported at item no. 31.2.12 of Notes to Accounts.

12.2. Compliance with matters related to capital markets

During last three years there were no instances of non-compliance, penalties, strictures

imposed by stock exchange or by SEBI or by any statutory authority on any matter related to capital markets.

12.3. Whistle blower policy

To strengthen its policy of corporate transparency, the company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. No personnel has been denied access to the audit committee.

12.4. Compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49

The company has complied with all mandatory requirements as indicated in Clause 49 of the Listing Agreement, as mentioned at appropriate places in this report. Non-mandatory requirements would be complied with in due course of time on need basis.

**13. Means of communication**

Half yearly and quarterly financial results are normally published in newspapers viz. Business Standard (English) and Surya (Telugu) on approval of the financial results by the Board of directors. Your company has a website, [www.pelgel.com](http://www.pelgel.com), which is regularly updated.

Financial results are sent regularly to financial institutions and banks upon their publication.



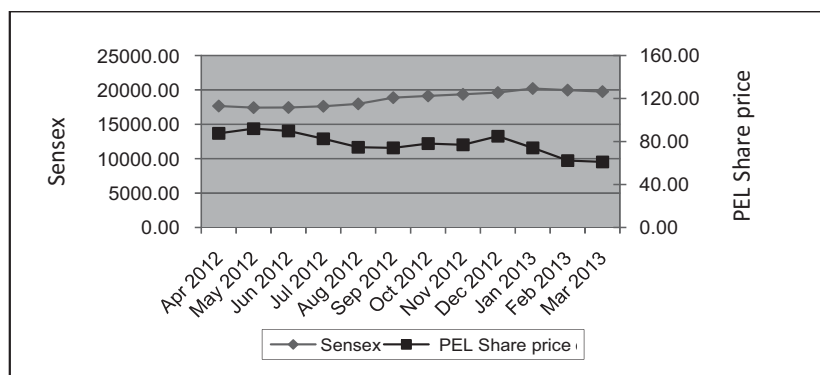
#### 14. General shareholder information

14.1	33rd AGM, date, time and venue	Thursday, 8th August 2013, 09.30 a.m. Surana Udyog Auditorium, FAPCCI, 11-6-841, Red Hills, Hyderabad -500 029
14.2	Tentative financial calendar	
	<b>Activity</b>	<b>Tentative date</b>
	- Publishing the unaudited financial results 1st quarter ending 30th Jun 2013 2nd quarter ending 30th Sep 2013 3rd quarter ending 31st Dec 2013	2nd week of Aug 2013 2nd week of Nov 2013 2nd week of Feb 2014
	- Publishing the audited financial results for the year ending 31st March, 2014	4th week of May 2014
14.3	Date of book closure (Physical and electronic mode)	29th of July 2013 to 8th of August 2013 (both days inclusive)
14.4	Expected date of payment of dividend	22nd of August 2013 to 3rd of September 2013
14.5	Listing on stock exchange Name of the stock exchange Stock code Listing fee paid for the year 2012-13	Bombay Stock Exchange Limited 526247 Yes
14.6	Registrar & Share Transfer Agents (Physical and electronic registers)	Karvy Computershare Private Limited Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081

#### 14.7. Market price date - High / Low during each month during the year 2012-13

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
High	87.55	92.00	89.90	82.60	74.70	74.00	78.00	76.90	85.00	74.00	62.25	61.00
Low	68.00	70.50	72.20	67.50	65.50	64.65	69.05	60.00	68.00	52.55	56.00	51.75

#### 14.8. Share price movement of the company in comparison to BSE Sensex is as follows:





#### 14.9 Share transfer system

The company's shares are under compulsory dematerialisation category and transfers in electronic mode are effected online by the NSDL and CDSL. In respect of physical shares, the company normally processes the requests within 10 days and effects the transfer, if all the papers received are in order.

The company after effecting the transfer of the shares sends dematerialisation option to the transferee to convert the shares into fungible form, which has to be exercised within 15 days. Where the transferee exercises the option, the shares are converted into demat mode. Otherwise, the physical shares are sent to the transferee after expiry of the stipulated period.

#### 14.10. Distribution of shareholding as on 31.03.2013

Range	No. of Share-holders	%	No. of shares	%
1 to 500	5,410	88.18	7,68,259	9.45
501 to 1,000	323	5.26	2,69,459	3.32
1,001 to 2,000	180	2.93	2,77,298	3.41
2,001 to 3,000	57	0.93	1,48,018	1.82
3,001 to 4,000	25	0.41	89,197	1.10
4,001 to 5,000	25	0.41	1,15,841	1.43
5,001 to 10,000	49	0.80	3,45,808	4.25
Above 10,000	66	1.08	61,13,695	75.22
<b>Total</b>	<b>6,135</b>	<b>100.00</b>	<b>81,27,575</b>	<b>100.00</b>

#### 14.11. Categories of shareholders as on 31.03.2013

Category	No. of shares	%
Promoters	35,17,474	43.28
Mutual funds	1,200	0.01
Banks, financial institutions & others	100	-
Corporate bodies	6,76,536	8.32
Indian public	34,37,518	42.30
NRI's/ OCB's	4,94,747	6.09
<b>Total</b>	<b>81,27,575</b>	<b>100.00</b>

#### 14.12. Dematerialisation of shares

The company's shares are in compulsory dematerialization category. The ISIN No. of the company is INE863B01011. The company has established electronic connectivity with National

Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its depository transfer agents M/s. Karvy Computershare Private Limited, Plot No.17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.

78,64,838 equity shares representing 96.77 % of the company's share capital have been dematerialized as on 31.03.2013.

#### 14.13. Address for correspondence

Company Secretary & Compliance Officer  
Premier Explosives Limited  
'Premier House', 11, Ishaq Colony,  
Near AOC Centre, Secunderabad - 500 015,  
Andhra Pradesh.  
Ph: 040-66146801-3 Fax: 040-27843431  
Email: investors@pelgel.com

#### 14.14. Plant locations

Plant	Location
Detonators, Detonating fuse, Packaged explosives, Product research and Special products	Peddakandukur Village, Yadagirigutta Mandal, Nalgonda District, Andhra Pradesh
Bulk explosives Chandrapur	C-16, M.I.D.C, Ghugus Road, Chandrapur, Maharashtra
Manuguru	Manuguru, Khammam District , Andhra Pradesh
Singrauli	Plot No.42, Industrial Area, Udyog Deep, Waidhan, Sidhi District, Madhya Pradesh
Godavarikhani	Godavarikhani, Karimnagar District, Andhra Pradesh
Neyveli	116, Melpathi, Mandarakupam,, Neyveli Block 29 Cuddalore, Tamilnadu
Wind power	Pushpathur Village, Palani Taluk, Dindigul District, Tamilnadu

The above report has been approved by the Board of directors in its meeting held on 29.05.2013.

For and on behalf of the Board

Secunderabad  
29.05.2013

**Dr. A.N. Gupta**  
Chairman & Managing Director



**Annexure-3 to the Directors' Report**

**Auditors' Certificate regarding compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To the Members of  
Premier Explosives Limited

We have examined the compliance of conditions of corporate governance by Premier Explosives Limited, for the year ended on 31st March, 2013, 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 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, we certify that the company

has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We 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 **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration Number: 002283S

**P. V. R. K. Nageswara Rao**  
Partner  
Membership Number: 18840  
Hyderabad  
29.05.2013

**Annexure-4 to the Directors' Report**

**CEO and CFO Certification**

To the Board of Directors of  
Premier Explosives Limited

We, Dr.A.N.Gupta, Chairman and Managing Director and C.Subba Rao, President (Finance) & CFO responsible for the finance function, hereby certify that

1. We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading and
  - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2013 are fraudulent, illegal or violative of the company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee
  - a) significant changes, if any, in internal control over financial reporting during the year
  - b) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements and
  - c) instances of significant fraud which we have become aware and the involvement therein, if any, of the management or any employee having significant role in the company's internal control system over financial reporting.

<b>Dr. A. N. Gupta</b>	<b>C. Subba Rao</b>
Chairman &	President
Managing Director	(Finance) & CFO
Secunderabad	
29.05.2013	





## Annexure-5 to the Directors' Report

**Particulars as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988**

A. Conservation of energy (Form 'A')	:	This is not applicable to the company	
B. Technology absorption (Form 'B')			
a) Research and Development (R & D)			
1. Specific areas in which R & D carried out by the company	:	Development of specialized high energy chemicals	
2. Benefits derived as a result of above R & D	:	Commercializing the in-house developed products	
3. Future plan of action	:	To continuously improve existing products and develop cost effective processes	
4. Expenditure on R & D (Rs. lakhs)		<b>2012-13</b>	<b>2011-12</b>
i Capital	:	<b>0.50</b>	1.08
ii Recurring	:	<b>55.92</b>	83.75
Total	:	<b>56.42</b>	84.83
R & D expenditure as % of turnover	:	<b>0.52%</b>	0.78%
b) Technology Absorption, Adaptation and Innovation			
1. Efforts	:	New products were developed	
2. Benefits	:	Successfully started commercial production of new products	
3. Particulars of imported technology in the last five years	:	No technology imported	
C. Foreign exchange earnings and outgo (Rs. lakhs)		<b>2012-13</b>	<b>2011-12</b>
a) Earnings (FOB value of exports)	:	<b>622.21</b>	760.25
b) Outgo	:	<b>264.39</b>	315.01

For and on behalf of the Board

Secunderabad  
29.05.2013**Dr. A. N. Gupta**  
Chairman & Managing Director



## Annexure-6 to the Directors' Report

**Information as per Section 217 (2A) (b) (ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2013**

Name	Designation/ nature of duties	Gross remuneration (Rs. lakhs)	Qualifications	Age (years)	Total experience (years)	Date of commence- ment of employment	Last employment & designation
Dr. A. N. Gupta	Chairman & Managing Director	105.02	M.Sc., D.Sc.	68	46	14.02.1980	I.E.L. Limited, Area Sales Manager

## Note:

1. Above employee has been employed for the full year. There is no other employee who has been employed for part of the year and drawing a monthly remuneration of Rs.5.00 lakhs or more.
2. The employment is contractual.
3. Dr. (Mrs.) Kailash Gupta, another director on the Board, is the wife of Dr. A. N. Gupta.
4. Gross remuneration includes salary, commission, leave travel allowance, contribution to provident fund, reimbursement of medical expenses and benefits.

For and on behalf of the Board

Secunderabad  
29.05.2013

**Dr. A. N. Gupta**  
Chairman & Managing Director



## Independent Auditor's Report

To the Members of  
Premier Explosives Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of the Premier Explosives Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

*The managerial remuneration paid to Chairman and Managing Director as detailed in Note no 30.2.7 is in excess of the limits laid down under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 by Rs 51.29 lakhs and is subject to the approval of Central Government.*

### Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter*

*described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give 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 March 31, 2013;*
- b. *in the case of the Statement of Profit and Loss, 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.*

### Emphasis of Matter

We draw the attention of the members to Note no.30.2.17 regarding non disclosure of company's share of assets, liabilities, income and expenses in the Joint ventures in view of non availability of audited / unaudited accounts of Joint ventures. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration Number: 002283S

**P. V. R. K. Nageswara Rao**

Partner

Membership Number: 18840

Hyderabad

29.05.2013



## **Annexure to Independent Auditor's Report Referred to in Paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date**

- 1 (a) The company has maintained proper records showing full particulars including quantitative details except situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.
- (c) The company has not disposed off substantial part of fixed assets during the year, which affect the going concern assumption.
- 2 (a) As explained to us, the stock of stores, spare parts, raw materials and finished goods of the company have been physically verified at frequent intervals during the year by the management except stocks lying with outside warehouses which have been verified with reference to certificates and other relevant documents where available.
- (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) The company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.
- 3 (a) The Company had granted unsecured loans to associate company and rent deposit to a company listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31st March, 2013 and the maximum amount involved during the year were Rs. 5,23,976/- and Rs. 4,13,21,375/- respectively.
- (b) In our opinion the terms and conditions of unsecured loans and advances given to the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.
- (c) The company is regular in receipt of principal amounts as stipulated and re-stipulated and has been regular in receipt of interest.
- (d) The company has taken unsecured loans from thirteen parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31st March, 2013 and the maximum amount involved during the year were Rs. 3,09,63,000/- and Rs. 3,24,63,000/- respectively.
- (e) In our opinion the rate of interest and other terms and conditions of unsecured loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.
- (f) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system with regard to purchase of inventory, fixed assets and for the sale of goods and services.
- 5 (a) According to the information and explanations given to us and as confirmed by the company secretary of the Company, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 According to the information and explanations given to us, the Company has generally complied with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under where applicable. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7 In our opinion and according to the explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.



8 We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act and

are of the opinion that prima facie, the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 9 (a) According to the records of the company and as per the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on 31.03.2013 which are outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the company and as per the information and explanations given to us, there are no dues of Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of dispute as on 31.03.2013, except Central Sales Tax and Income Tax, the details of which are as given below:

Name of the Statute	Nature of the dues	Year to which it relates	Amount Rs.	Forum where dispute is pending
1. Central Sales Tax	Sales Tax	2007-08	1,51,30,507/-	Honourable High Court of Andhra Pradesh
2. Income tax	Income tax and interest	2009-10	4,68,717/-	Commissioner of Income Tax Appeals-V, Hyderabad

10 As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.

11 During the year the company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.

12 As per the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to anybody during the year.

13 In our opinion, as the company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for this year.

14 According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.

15 In our opinion, the terms and conditions on which the company has given guarantees for the loans taken by others from banks or financial institutions are not prejudicial to the interests of the company.

16 In our opinion, the term loans have been applied for the purpose for which they were raised.

17 As per the information and explanations given to us and on an overall examination of the balance sheet of the company,

we report that the funds raised on short term basis have not been used for long term investments.

18 As per the information and explanations given to us, during the year 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.

19 As per the information and explanations given to us, the company has not issued any debentures during the year, which requires the creation of security or charge.

20 During the year the company has not made any public issues for which the management has to disclose the end use of money raised through that public issue.

21 During the course of our examination of the books and records of the company carried out in accordance with the generally accepted practices in India and according to the information and explanations given to us we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration Number: 002283S

**P. V. R. K. Nageswara Rao**  
Partner  
Membership Number: 18840

Hyderabad  
29.05.2013



**Balance Sheet as at 31st March, 2013**

(Rs. in lakhs)

Particulars	Note no.	As at 31st March, 2013	As at 31st March, 2012
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	1	812.75	812.70
Reserves and surplus	2	4,032.93	3,736.73
		<b>4,845.68</b>	4,549.43
<b>Non-current liabilities</b>			
Long-term borrowings	3	404.93	242.36
Deferred tax liabilities (net)	4	562.56	484.26
Other long-term liabilities	5	103.40	108.76
Long-term provisions	6	84.96	72.15
		<b>1,155.85</b>	907.53
<b>Current liabilities</b>			
Short-term borrowings	7	680.54	168.84
Trade payables	8	706.98	559.60
Other current liabilities	9	1,253.70	1,224.89
Short-term provisions	10	347.72	397.20
		<b>2,988.94</b>	2,350.53
<b>Total</b>		<b>8,990.47</b>	7,807.49
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		3,754.73	3,305.52
Intangible assets		2.49	5.30
Net block		3,757.22	3,310.82
Capital work in progress		91.69	119.53
		<b>3,848.91</b>	3,430.35
Non-current investments	12	520.00	45.00
Long-term loans and advances	13	449.32	728.24
Other non-current assets	14	99.16	100.62
		<b>4,917.39</b>	4,304.21
<b>Current assets</b>			
Inventories	15	1,682.75	1,177.69
Trade receivables	16	1,746.80	1,549.55
Cash and bank balances	17	223.20	441.99
Short-term loans and advances	18	379.77	264.21
Other current assets	19	40.56	69.84
		<b>4,073.08</b>	3,503.28
<b>Total</b>		<b>8,990.47</b>	7,807.49
<b>Summary of significant accounting policies and other explanatory information</b>	30		

Per our report of even date  
For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration Number: 002283S

For and on behalf of the Board

**P. V. R. K. Nageswara Rao**  
Partner  
Membership Number: 18840

**C. Subba Rao**  
President (Finance) & CFO

**Dr. A.N. Gupta**  
Chairman and Managing Director

Secunderabad  
29.05.2013

**Avinash Kumar Singh**  
Company Secretary

**T.V. Chowdary**  
Executive Director



## Statement of Profit and Loss for the year ended 31st March, 2013

(Rs. in lakhs)			
Particulars	Note no.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Revenue</b>			
Revenue from operations			
Sale of products		10,289.11	10,127.55
Sale of traded goods		201.36	54.52
Sale of services	20	1,451.26	1,387.11
Other operating revenues	21	56.50	96.93
		11,998.23	11,666.11
Less: Excise duty		1,058.13	834.58
		10,940.10	10,831.53
Other income	22	206.47	169.89
Total revenue		11,146.57	11,001.42
<b>Expenses</b>			
Cost of raw materials consumed	23	5,487.50	4,961.09
Purchase of stock in trade		161.04	48.04
Changes in inventories of finished goods, work-in-progress and scrap	24	(172.94)	(49.39)
Employee benefits expense	25	2,764.83	2,429.32
Finance costs	26	179.89	101.62
Research and development expenses	27	55.92	83.75
Depreciation (net) and amortisation expense		214.50	186.66
Other expenses	28	1,675.18	1,620.07
Total expenses		10,365.92	9,381.16
<b>Profit before exceptional items and tax</b>		780.65	1,620.26
<b>Exceptional items (net)</b>	29	(37.06)	39.20
<b>Profit before tax</b>		743.59	1,659.46
<b>Tax expense</b>			
Current tax		160.00	495.00
Deferred tax		78.30	10.08
Income tax adjustments		(28.63)	(39.72)
		209.67	465.36
<b>Profit after tax</b>		533.92	1,194.10
<b>Earnings per equity share</b>			
(Face value: Rs.10/- per share)			
Basic/Diluted - Rs.		6.57	14.69
<b>Summary of significant accounting policies and other explanatory information</b>	30		

Per our report of even date  
For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration Number: 002283S

For and on behalf of the Board

**P. V. R. K. Nageswara Rao**  
Partner  
Membership Number: 18840

**C. Subba Rao**  
President (Finance) & CFO

**Dr. A.N. Gupta**  
Chairman and Managing Director

Secunderabad  
29.05.2013

**Avinash Kumar Singh**  
Company Secretary

**T.V. Chowdary**  
Executive Director



## Cash Flow Statement for the year ended 31st March, 2013

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>A. Net cash flow from operating activities</b>		
Net profit after exceptional items and before tax	743.59	1,659.46
Adjustments for		
Depreciation	214.50	186.66
Investments written off	-	2.48
Provision for diminution in value of investments no longer required (net)	-	(2.48)
Interest expense	130.90	76.97
Interest income	(52.38)	(60.06)
Bad debts written off	0.23	0.48
Claims written off	0.38	-
(Profit) / loss on sale of assets (net)	4.99	(88.37)
Book deficit on assets discarded	-	4.08
Unrealised foreign exchange variation	0.75	13.10
Operating profit before working capital changes	1,042.96	1,792.32
Adjustments for		
(Increase) in inventories	(505.06)	(232.90)
(Increase) in trade receivables	(197.48)	(9.51)
(Increase) / decrease in dividend accounts with banks and bank deposits including margin monies	(83.90)	103.84
(Increase) in long-term loans and advances	(25.57)	(184.13)
(Increase) / decrease in other non-current assets	25.73	(20.95)
(Increase) in short-term loans and advances	(115.56)	(47.71)
(Increase) in other current assets	(29.74)	(1.08)
Increase in trade payables	147.00	172.51
(Decrease) in other current liabilities	(75.13)	(92.76)
Increase/(decrease) in short-term provisions	9.89	(29.08)
Increase in long-term provision	12.81	24.23
Increase in other long-term liabilities	0.49	5.66
Cash generated from operations	206.44	1,480.44
Income tax paid	(202.26)	(490.03)
<b>Total A</b>	<b>4.18</b>	<b>990.41</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure	(752.02)	(656.11)
Disposal of fixed assets	25.02	120.14
Interest received	108.54	20.37
Loan received back from related party	345.00	-
Investment	(475.00)	-
<b>Total B</b>	<b>(748.46)</b>	<b>(515.60)</b>

**Cash Flow Statement (Contd.)**

(Rs. in lakhs)

Particulars		For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>C. Cash flow from financing activities</b>			
Repayment of long-term borrowings		(85.38)	(119.52)
Acceptance of long-term borrowings		379.88	172.91
Increase in short-term borrowings		511.70	6.46
Receipt against share allotment money due		0.05	0.15
Interest paid		(107.85)	(65.76)
Dividend and dividend tax paid		(235.02)	(188.13)
<b>Total</b>	<b>C</b>	<b>463.38</b>	<b>(193.89)</b>
<b>D. Cash and cash equivalents at the end of the year</b>			
Net increase in cash and cash equivalents	<b>A+B+C</b>	<b>(280.90)</b>	280.92
Cash and cash equivalents at the beginning of the year		<b>329.76</b>	48.84
<b>Total</b>	<b>D</b>	<b>48.86</b>	<b>329.76</b>

**Notes**

- Cash flow statement has been prepared under 'Indirect method' in accordance with 'Accounting Standard - 3 Cash flow statement', issued under the Companies (Accounting Standards) Rules, 2006.
- Summary of significant accounting policies and other explanatory information on accounts form an integral part of cash flow statement.
- Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

This is the Cash Flow Statement referred to in our report of even date.

For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration Number: 002283S

**P. V. R. K. Nageswara Rao**  
Partner  
Membership Number: 18840

Secunderabad  
29.05.2013

**C. Subba Rao**  
President (Finance) & CFO

**Avinash Kumar Singh**  
Company Secretary

For and on behalf of the Board

**Dr. A.N. Gupta**  
Chairman and Managing Director

**T.V. Chowdary**  
Executive Director



## Notes to Balance Sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>1. Share capital</b>			
Authorised			
1,00,00,000 Equity shares of Rs.10/- each	<b>1,000.00</b>	1,000.00	
Issued			
81,27,575 Equity shares of Rs.10/- each	<b>812.76</b>	812.76	
Subscribed and paid up			
81,17,675 Equity shares of Rs.10/- each, fully paid	<b>811.77</b>	811.77	
9,900 Equity shares of Rs.10/- each, not fully paid	<b>0.99</b>	0.99	
Less: Allotment money due	<b>0.01</b>	0.06	
	<b>0.98</b>	0.93	
	<b>812.75</b>	812.70	

Reconciliation of the number of equity shares outstanding is set out below:

Particulars	No. of shares	No. of shares
Equity Shares outstanding at the beginning of the year	<b>81,27,575</b>	81,27,575
Add: Equity Shares issued during the year	—	—
Equity Shares outstanding at the end of the year	<b>81,27,575</b>	81,27,575

Details of shareholders holding more than 5% equity shares as on 31.03.2013 is set out below:

Name of the shareholder	No. of shares held	% of share holding	No. of shares held	% of share holding
Promoters' group				
Dr. A.N.Gupta	<b>12,83,895</b>	<b>15.80%</b>	12,18,236	14.99%
Dr. (Mrs.) Kailash Gupta	<b>8,40,588</b>	<b>10.34%</b>	8,40,188	10.34%
Mrs. Shonika Prasad	<b>7,89,581</b>	<b>9.71%</b>	7,41,663	9.13%
A. N. Gupta (HUF)	<b>5,21,097</b>	<b>6.41%</b>	5,21,097	6.41%

Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2013, the amount of dividend recognised as distributions to equity shareholders was Rs.2.50 per share (2011-12: Rs. 2.50 per share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.





(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>2. Reserves and surplus</b>			
Capital reserve			
Subsidy received	30.57		30.57
Shares forfeited	0.13		0.13
	<b>30.70</b>		30.70
Securities premium account	173.34		173.34
General reserve			
As per last account	900.00		560.00
Add: Amount transferred from statement of profit and loss	100.00		340.00
	<b>1,000.00</b>		900.00
Balance in statement of profit and loss (Surplus)			
As per last account	2,632.69		2,014.73
Add: Profit as per statement of profit and loss	533.92		1,194.10
Total available for allocations and appropriations	3,166.61		3,208.83
Less: Allocations and appropriations			
Proposed dividend	203.19		203.18
Provision for corporate dividend tax	34.53		32.96
Transferred to General reserve	100.00		340.00
Profit carried forward to next year		2,828.89	2,632.69
		<b>4,032.93</b>	<b>3,736.73</b>
<b>3. Long term borrowings</b>			
<b>Unsecured</b>			
Term loan from a bank	250.00		-
Less: Current maturities of long-term debt	52.00	198.00	-
<ul style="list-style-type: none"> <li>Personal guarantee of two directors of the company</li> <li>Original amount of Loan Rs. 250 lakhs</li> <li>Repayment: 4 quarterly installments of Rs.13 lakhs each (June, 2013 to March, 2014) and 9 monthly installments of Rs. 22 lakhs each (April , 2014 to December, 2014)</li> <li>Period of maturity from balance sheet date: 21 months</li> <li>Interest rate: Base rate (10.50% as on 31st March, 2013) + 1.45% p.a.</li> <li>There is no continuing default as on the balance sheet date in repayment of loan and interest amount</li> </ul>			
Fixed deposits from related parties	172.13		135.26
Less: Current maturities of long-term debt	62.39	109.74	13.50
Fixed deposits from others	167.67		160.04
Less: Current maturities of long-term debt	70.48	97.19	39.44
<ul style="list-style-type: none"> <li>Above loans carry interest @ 12.5% p.a.</li> <li>There is no continuing default as on the balance sheet date in repayment of loans and interest amounts</li> </ul>			
		<b>404.93</b>	<b>242.36</b>



		(Rs. in lakhs)	
Note no.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>4. Deferred tax liabilities (net)</b>			
	Balance at the beginning of the year	484.26	474.18
	Adjustment for the current year (Refer note no.30.2.16)	78.30	10.08
		<u>562.56</u>	<u>484.26</u>
<b>5. Other long term liabilities</b>			
	Deposits from dealers and others	79.47	78.98
	Interest accrued but not due on borrowings	23.93	29.78
		<u>103.40</u>	<u>108.76</u>
<b>6. Long term provisions</b>			
	Provision for employee benefits	84.96	72.15
		<u>84.96</u>	<u>72.15</u>
<b>7. Short term borrowings</b>			
	<b>Secured</b>		
	Loans repayable on demand		
	Working capital loans from banks	552.47	116.84
	<ul style="list-style-type: none"> <li>Above loans are secured by hypothecation of stocks, receivables and other current assets and further secured by second charge on fixed assets of the company and personal guarantee of two directors of the company</li> <li>Above loans carry interest @ 10.20% to 14% p.a.</li> <li>There is no default as on the balance sheet date in repayment of loans and interest amounts</li> </ul>		
	<b>Unsecured</b>		
	Loans from related parties	104.00	52.00
	Fixed deposits from related parties	15.00	-
	Fixed deposits from others	9.07	-
	<ul style="list-style-type: none"> <li>Above loans carry interest @ 12.5% p.a.</li> <li>There is no default as on the balance sheet date in repayment of loans and interest amounts</li> </ul>	<u>680.54</u>	<u>168.84</u>
<b>8. Trade payables</b>			
	Dues of micro and small enterprises (Refer note no.30.2.9)	6.41	11.14
	Dues of enterprises other than micro and small enterprises	700.57	548.46
		<u>706.98</u>	<u>559.60</u>



(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>9. Other current liabilities</b>			
Current maturities of long-term debt			
Loan from a bank	52.00	-	
Fixed deposits from related parties	62.39	13.50	
Fixed deposits from others	70.48	39.44	
		184.87	52.94
Interest accrued but not due on borrowings	52.66		23.76
Advances from customers	293.79		261.79
Unclaimed dividend	16.29		15.17
(There is no amount due and outstanding to be credited to investor education and protection fund)			
Other payables			
Statutory liabilities	165.83	299.44	
Creditors for capital works	22.76	81.24	
Employee benefits payable	224.68	262.01	
Others	292.82	228.54	
		706.09	871.23
		1,253.70	1,224.89
<b>10. Short term provisions</b>			
Employees benefits	75.62		65.66
Proposed dividend	203.19		203.18
Corporate dividend tax	34.53		32.96
Wealth tax	0.33		0.40
Income tax (net of prepaid taxes)	34.05		87.00
Interest on income tax	-		8.00
		347.72	397.20



11. Fixed assets		(Rs. in lakhs)								
		Gross Block			Depreciation /Amortisation			Net Block		
Description of Assets	Cost as at 01.04.2012	Additions during the year	Deductions during the year	Total cost as at 31.03.2013	Up to 31.03.2012	For the year	On deductions	Total up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible assets										
Freehold land	339.57	2.84	-	342.41	-	-	-	-	342.41	339.57
Leasehold land	2.19	-	-	2.19	0.28	0.02	-	0.30	1.89	1.91
Roads and buildings	1,067.39	208.80	7.38	1,268.81	192.97	27.70	5.56	215.11	1,053.70	874.42
Plant and equipment	2,774.34	460.95	65.23	3,170.06	957.72	159.31	49.37	1,067.66	2,102.40	1,816.62
Research and development equipment	135.94	0.50	-	136.44	26.98	6.20	-	33.18	103.26	108.96
Data processing equipment	50.00	2.77	0.57	52.20	38.26	3.38	0.43	41.21	10.99	11.74
Office equipment	45.12	4.51	-	49.63	12.94	2.77	-	15.71	33.92	32.18
Furniture and fittings	64.07	1.49	-	65.56	17.01	4.02	-	21.03	44.53	47.06
Vehicles	117.03	9.05	31.66	94.42	43.97	8.29	19.47	32.79	61.63	73.06
Total tangible assets	4,595.65	690.91	104.84	5,181.72	1,290.13	211.69	74.83	1,426.99	3,754.73	3,305.52
Intangible assets										
ERP licence fee	8.32	-	-	8.32	8.32	-	-	8.32	-	-
Software	16.99	-	-	16.99	11.69	2.81	-	14.50	2.49	5.30
Total intangible assets	25.31	-	-	25.31	20.01	2.81	-	22.82	2.49	5.30
Total	4,620.96	690.91	104.84	5,207.03	1,310.14	214.50	74.83	1,449.81	3,757.22	3,310.82
Previous year total	4,124.74	580.31	84.09	4,620.96	1,171.72	186.66	48.24	1,310.14	3,310.82	2,953.02



(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>12. Non-current investments</b>			
	(Long term investments, Non-trade, unquoted, fully paid up)		
	(At Cost less provision for other than temporary diminution in value)		
	Investments in equity shares		
	Investment in associate company		
	4,50,000 Equity shares of Rs.10/- each in Premier Wire Products Limited	45.00	45.00
	Investment in joint ventures		
	9,000 Equity shares of \$10 each in Premier Georgia Limited	40.63	40.63
	Less:		
	Provision for diminution in value of investment	40.63	40.63
	3,600 Equity shares of YTL 25 each in Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S.	27.82	27.82
	Less:		
	Provision for diminution in value of investment	27.82	27.82
	Investments in preference shares		
	Investment in associate company		
	47,50,000 11% Redeemable, Non-convertible & Cumulative Preference Shares of Rs.10/- each in Premier Wire Products Limited	475.00	-
		520.00	45.00
	Aggregate amount of unquoted investments	588.45	113.45
	Aggregate provision for diminution in value of investments	68.45	68.45
<b>13. Long term loans and advances</b>			
	(Unsecured, considered good)		
	Capital advances	277.79	247.22
	Security deposits	160.56	134.83
	Loans and advances to a related party	-	345.00
	(Refer note no.30.2.10)		
	Loans and advances to staff	1.03	1.19
	Includes Rs 0.14 lakh (Previous year Rs.Nil) due from an officer of the company		
	Current year advance tax (net of provision)	9.94	-
		449.32	728.24
<b>14. Other non-current assets</b>			
	(Unsecured, considered good)		
	Long term trade receivables	13.21	44.31
	Long term prepaid expenses	13.65	8.28
	Bank deposits with maturity of more than 12 months	67.88	46.09
	Interest accrued on deposits with banks	4.42	1.94
		99.16	100.62





(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>15. Inventories</b>			
	(Valued at cost and net realisable value whichever is lower except the scrap which is valued at net realisable value)		
	Raw materials	748.13	500.58
	(including stock in transit of Rs.20.13 lakhs, Previous year: Rs. 8.27 lakhs)		
	Work-in-progress	387.74	250.51
	Finished goods	251.17	214.93
	Stores and spares	287.11	205.72
	Scrap	8.60	5.95
		<u>1,682.75</u>	<u>1,177.69</u>
<b>16. Trade receivables</b>			
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they became due for payment	175.82	43.27
	Others	1,570.98	1,506.28
		<u>1,746.80</u>	<u>1,549.55</u>
<b>17. Cash and bank balances</b>			
	Cash and cash equivalents		
	Cash on hand	1.05	5.89
	Balances with banks		
	Current accounts	47.81	43.47
	Corporate liquid term deposit	-	280.40
		<u>48.86</u>	<u>329.76</u>
	Other bank balances		
	Unpaid dividend	16.29	15.17
	Bank deposits with banks held as margin money and as security against bank guarantees	158.05	97.06
		<u>174.34</u>	<u>112.23</u>
		<u>223.20</u>	<u>441.99</u>
<b>18. Short term loans and advances</b>			
	(Unsecured, considered good)		
	Loans and advances to related parties:		
	Godavari Explosives Limited	5.24	12.89
	Godavari Farms & Plantations	-	0.03
		<u>5.24</u>	<u>12.92</u>
	Advances to suppliers	186.13	100.68
	Central excise duty deposit	59.28	41.24
	Prepaid expenses	62.25	53.02
	Loans and advances to staff	4.46	4.98
	(includes Rs.0.13 lakhs (Previous year Rs.nil) due from an officer of the company)		
	Others	62.41	51.37
		<u>379.77</u>	<u>264.21</u>
<b>19. Other current assets</b>			
	Interest accrued on deposits	9.12	67.76
	Insurance claims receivable	31.44	2.08
		<u>40.56</u>	<u>69.84</u>



## Notes to Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>20. Sale of services</b>			
	Operations and maintenance services	1,329.96	1,259.61
	Job work and other services	121.30	127.50
		<u>1,451.26</u>	<u>1,387.11</u>
<b>21. Other operating revenues</b>			
	Sale of scrap arising out of manufacturing process	56.50	96.93
		<u>56.50</u>	<u>96.93</u>
<b>22. Other income</b>			
	Interest income	52.38	60.06
	Net gain on foreign currency transactions and translations	7.10	22.68
	Provision for diminution in book value of investments no longer required, written back	-	2.48
	Liabilities no longer required, written back	138.69	27.58
	Profit on sale of assets	-	0.64
	Less: Loss on sale of assets	-	0.20
	Other non-operating income	8.30	56.65
		<u>206.47</u>	<u>169.89</u>
<b>23. Cost of raw materials consumed</b>			
	Opening stock	500.58	386.06
	Add: Purchases	5,735.05	5,075.61
		<u>6,235.63</u>	<u>5,461.67</u>
	Less: Closing stock	748.13	500.58
		<u>5,487.50</u>	<u>4,961.09</u>
<b>24. Changes in inventories of finished goods, work-in-progress and scrap</b>			
	Finished goods		
	Closing stock	251.17	214.93
	Opening stock	214.93	81.07
		<u>(36.24)</u>	<u>(133.86)</u>
	Excise duty adjustment		
	Excise duty on closing stock	14.31	11.13
	Excise duty on opening stock	11.13	7.36
	Excise duty adjustment on finished goods	3.18	3.77
	Work-in-progress		
	Closing stock	387.74	250.51
	Opening stock	250.51	326.27
		<u>(137.23)</u>	<u>75.76</u>
	Scrap		
	Closing stock	8.60	5.95
	Opening stock	5.95	10.89
		<u>(2.65)</u>	<u>4.94</u>
		<u>(172.94)</u>	<u>(49.39)</u>
<b>25. Employee benefits expense</b>			
	Salaries, wages, bonus and other benefits	2,421.94	2,024.48
	Contribution to provident fund and other funds	194.48	261.15
	Contribution to ESI	42.81	39.38
	Staff welfare expenses	105.60	104.31
		<u>2,764.83</u>	<u>2,429.32</u>
<b>26. Finance costs</b>			
	Interest expense	130.90	76.97
	Other borrowing costs	48.99	24.65
		<u>179.89</u>	<u>101.62</u>



(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>27. Research and development expenses</b>			
	Material consumed	7.93	8.23
	Salaries, wages, bonus and other benefits	45.00	68.84
	Contribution to provident fund and other funds	1.63	4.35
	Contribution to ESI	1.36	2.33
		<u>55.92</u>	<u>83.75</u>
<b>28. Other expenses</b>			
	Consumption of stores and spare parts	16.48	22.78
	Consumption of packing materials	227.28	169.15
	Power and fuel	170.79	110.96
	Rent	14.09	11.10
	Repairs to buildings	16.27	19.14
	Repairs to machinery	216.85	197.89
	Repairs to other assets	103.09	107.19
	Insurance	43.06	36.83
	Rates and taxes, excluding taxes on income	27.07	24.50
	Directors sitting fees	4.40	4.65
	Payments to auditors		
	as auditors	4.50	4.50
	for tax audit	2.50	2.00
	for income tax matters	0.75	0.60
	for quarterly reviews	3.00	2.25
	for certification	1.97	1.20
	for expenses	1.49	1.34
		<u>14.21</u>	<u>11.89</u>
	Equipment hire charges	18.00	24.00
	Printing and stationery	15.71	15.64
	Communication expenses	22.36	23.97
	Vehicle maintenance	22.27	15.13
	Travelling and conveyance	197.34	177.06
	Professional charges	34.49	28.08
	Advertisement	2.98	9.10
	Sales commission	173.64	248.37
	Sales promotion expenses	6.92	7.86
	Other selling expenses	56.06	44.22
	Carriage and freight	300.20	311.55
	Less: recovered	<u>(171.92)</u>	<u>(191.92)</u>
	General expenses	108.76	119.63
	Bank charges and commission	8.02	168.87
	Donations	3.54	9.92
	Loss on sale of assets	5.08	2.87
	Less: Profit on sale of assets	<u>0.09</u>	<u>-</u>
	Technical know how fees	18.00	-
	Investments written off	-	2.00
	Bad debts written off	0.23	2.48
	Book deficit on assets discarded	-	0.48
	Prior year expenditure	-	4.08
		<u>1,675.18</u>	<u>1,620.07</u>
<b>29. Exceptional items</b>			
	Profit on sale of administrative building	-	87.93
	Payments under voluntary retirement scheme	<u>(37.06)</u>	<u>(48.73)</u>
		<u>(37.06)</u>	<u>39.20</u>



### 30. Summary of significant accounting policies and other explanatory information

#### 30.1 Summary of significant accounting policies

##### 1. Basis of preparation

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The financial statements are presented in Indian rupees rounded off to the nearest lakh.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

##### 2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amounts of revenues and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

##### 3. Fixed assets

- (i) Fixed assets are stated at cost of acquisition which includes inland freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT wherever applicable. In respect of projects involving construction, related pre-operational expenses form part of the cost of the assets capitalised.
- (ii) Revenue expenditure incurred during the construction period of the project is shown under "Unallocated Expenditure Pending Capitalisation" till the commencement of the commercial production or their intended use and the same is capitalised by allocating to relevant assets in the ratio of their direct costs.

##### 4. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost.

##### 5. Depreciation

- (i) Depreciation is charged under straight line method in accordance with rates specified in Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation has been provided at one hundred percent for assets costing less than Rs.5,000/-.
- (iii) Leasehold land is amortised over the lease period.

##### 6. Intangible assets and amortisation

Cost relating to intangible assets, which are acquired, is capitalised and amortised over a period of 3 years, which is based on their estimated useful life.



## 7. Inventories

- (i) Raw materials and stores and spares are valued at lower of cost, calculated on weighted average basis, and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished product in which these will be incorporated are expected to be sold at or above cost.
- (ii) Finished goods and work-in-progress are valued at lower of cost and net realisable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
- (iii) Scarp is valued at net realisable value.
- (iv) Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 8. Borrowing costs

- (i) Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs directly attributable to acquisition or construction of Fixed Assets which necessarily take a substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalized. All other borrowing costs are expensed in the period they occur.

## 9. Investments

- (i) Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.
- (ii) Current investments are carried at lower of cost and fair value determined on individual investment basis.
- (iii) Long-term investments are carried at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments.
- (iv) On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss .

## 10. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be readily measured.

### (i) Domestic sales

Gross revenue includes excise duty and adjustments for price variation and liquidated damages and recognised on dispatch of products from the factories of the company.

### (ii) Export sales

Revenue from export sales is recognised when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract.

### (iii) Service income

Service income is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

### (iv) Interest

Revenue is recognised on an accrual basis and on a time proportion basis taking into account the amount outstanding and the applicable rate.

### (v) Dividend

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.



**11. Excise duty**

Excise duty recovered is included in "Gross Sales". Excise duty on sales is shown as an item of expense and deducted from gross sales. Value of closing stock of finished goods includes excise duty paid / payable on such stocks wherever applicable.

**12. Employee benefits**

Short term employee benefits

Short term employee benefits are recognised as an expense as per the company's scheme based on expected obligation on undiscounted basis.

Long term employee benefits

(i) Defined contribution plans

Provident fund: Contribution to provident fund is made at the prescribed rates to the Employees Provident Fund Scheme of the Central Government and is charged to the Statement of profit and loss.

(ii) State plans

Employer's contribution to Employee's State Insurance is charged to Statement of profit and loss.

(iii) Defined benefit plans

a) Gratuity

i) The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees. Annual contribution to the fund as determined by the LIC is charged to Statement of profit and loss in the year of contribution. The shortfall between the accumulated funds available with LIC and liability as determined on the basis of an actuarial valuation is provided for at the year-end. The actuarial gains / losses are taken to the Statement of profit and loss.

b) Leave encashment

ii) The company records its unavailed leave liability based on actuarial valuation using projected unit credit method.

c) Actuarial gains / losses arising during the year are recognised in the Statement of profit and loss.

(iv) Terminal benefits are recognised as an expense as and when incurred.

**13. Foreign exchange transactions**

(i) Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

(ii) Conversion: Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange difference: Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(iv) Forward exchange contracts not intended for trading purpose: In case of forward exchange contracts, difference between forward rate and the exchange rate on the date of transaction is recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**14. Research and development**

Revenue expenditure on research and development is charged to the Statement of profit and loss. Capital expenditure on research and development is shown as an addition to fixed assets.



**15. Operating leases**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

**16. Taxation**

- (i) Tax expense (or tax saving), the aggregate of current year tax and deferred tax, is charged (or credited) to the Statement of profit and loss.

- (ii) Current year tax

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961. The company also provides for such disallowances made on completion of assessments pending appeals, as considered appropriate depending on the merits of each case.

- (iii) Deferred tax

Deferred Income Taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to tax holiday under Income tax Act, 1961 no deferred tax is recognised in respect of timing differences which reverse during the tax holiday period, to the extent company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which timing difference originate.

Unrecognised deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

- (iv) Minimum Alternate Tax (MAT) Credit

MAT credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendation contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

**17. Provisions, Contingent liabilities and Contingent assets**

- (i) Provisions, involving substantial degree of estimation in measurement, are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- (ii) Contingent liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the Notes to the financial statements.
- (iii) Contingent assets are neither recognised nor disclosed in the financial statements.

**18. Earnings per share**

- (i) The basic earnings per share (EPS) is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- (ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**19. Proposed dividend**

A provision is made in the books of account for the dividend proposed by the Board, pending approval at the Annual General Meeting.

**20. Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

**30.2 Other explanatory information****1. Corporate information**

Premier Explosives Limited is a manufacturer of explosives having its registered office at Secunderabad, Andhra Pradesh, India. The company's main manufacturing and research and development facilities are located at Peddakandukuru village in Nalgonda district of Andhra Pradesh with other manufacturing units located in Madhya Pradesh, Maharashtra and Tamilnadu. Listed on Bombay Stock Exchange, Premier is an ISO 9001 company having accreditation of National Accreditation Board for Testing & Calibration Laboratories (NABL) and recognition of Department of Scientific & Industrial Research (DSIR).

2. Previous year figures have been regrouped/ recast/ rearranged wherever necessary to conform to current year classification.

**3. Contingent liabilities and commitments**

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Contingent liabilities		
On account of guarantees issued by the banks on behalf of the company	2,488.29	1,805.80
Sales tax demands disputed by the company pending in appeal	151.31	151.31
Guarantees issued by the company on behalf of an associate company	128.58	171.91
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	57.75	345.44

4. Confirmation letters have been issued in respect of trade receivables and other receivables, loans and advances and trade payables and other payables of the company but not responded to in some cases. Hence, unconfirmed balances are subject to reconciliation and consequent adjustments, if any, would be determined / made on receipt of confirmation. However, in the opinion of the Board, all assets other than fixed assets and non-current investments have a realizable value in the ordinary course of business which is not different from the amount at which it is stated.
5. Donations include Rs.0.25 lakh (Previous year: Rs.0.50 lakh) paid to Communist Party (Marxist).

**6. Excise duty**

Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Note no. 24 "Changes in inventories of finished goods, work-in-progress and scrap".

**7. Remuneration of Chairman and Managing Director, for a period of three years, had been approved by the shareholders in the Annual General Meeting held on 31st July, 2010, subject to the approval of Central Government, if required.**

In view of satisfactory financial performance, approval of the Central Government had not been required for the managerial remuneration paid during the years 2010-11 and 2011-12. However, during the year 2012-13 there was an accident in the detonators plant and the operations had been adversely affected. Consequential inadequacy of profit resulted in the managerial remuneration being in excess of the amount payable in terms of sections 198 and 309 read with schedule XIII of the Companies Act, 1956 by an amount of Rs.51.29 lakhs. The company is taking necessary steps to obtain the approval of Central Government.

**8. Details of foreign currency exposures that are not hedged by derivative instruments or otherwise**

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Amount in foreign currency	Equivalent amount (Rs. in lakhs)	Amount in foreign currency	Equivalent amount (Rs. in lakhs)
US Dollars				
Payables for supplies, services etc.,	21,000	11.51	3,39,550	174.97
Advance from customers	1,17,010	64.12	5,350	2.71
Receivables for supplies and services	1,09,475	59.09	2,98,525	151.38
Loans and advances	-	-	1,58,265	81.55
Euros				
Loans and advances	13,145	9.03	2,879	1.99

**9. Disclosures relating to dues of micro and small enterprises**

(Micro, Small and Medium Enterprises Development Act, 2006)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Principal amount remaining unpaid as on 31st March (refer note no. 8)	6.41	11.14
Interest due thereon as on 31st March	-	-
Interest paid by the company in terms of Section 16 of the said Act, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
Interest accrued and remaining unpaid as at 31st March	-	-

Note: Above details have been compiled to the extent the parties have been identified on the basis of information available with the company and relied on by the auditors.



**10. Information pertaining to interest bearing loans to an associate company**

(Clause 32 of Listing Agreement with Bombay Stock Exchange)

(Rs. in lakhs)

Name of the company	Balance as at 31st March 2013	Balance as at 31st March 2012	Maximum outstanding during 2012-13	Maximum outstanding during 2011-12
Premier Wire Products Limited	Nil	345	400	365

**11.1. Information on employee benefits (Accounting Standard 15)**

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>a) Defined contribution plans</b>		
Contribution to provident fund	148.47	137.02
<b>b) State Plans</b>		
Contribution to E.S.I.	44.17	41.71
<b>c) Defined benefit plans</b>		
<b>c.1) Gratuity (funded)</b>		
<b>Assumptions</b>		
Salary rise	4%	4%
Discount rate	8%	8%
Attrition rate	4%	4%
Expected rate of return	9.25%	9.25%
<b>Expenses recognised in Statement of profit and loss:</b>		
Current service cost	17.95	15.76
Interest cost on benefit obligation	28.18	20.94
Expected return on plan assets	(25.74)	(18.01)
Net actuarial (gain) / loss recognised in the year	27.25	83.12
Net benefit expense	47.64	101.81
<b>Actuarial return on plan assets</b>	(25.74)	(18.01)
<b>Net asset/liability recognised in balance sheet</b>		
Defined benefit obligation	397.49	352.22
Fair value of plan assets	(303.49)	(270.86)
Status (surplus)/deficit	94.00	81.36
Unrecognised past service cost	-	-
Net asset/liability recognised in balance sheet	94.00	81.36
<b>Changes in present value of defined benefit obligation</b>		
Opening balance	352.22	261.71
Interest cost	28.18	20.94
Current services cost	17.95	15.76
Benefits paid	(28.11)	(29.31)
Actuarial (gain) / loss	27.25	83.12
Closing balance	397.49	352.22



(Rs. in lakhs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Changes in fair value of plan assets</b>		
Opening balance	270.86	153.67
Expected return	25.74	18.01
Contributions	35.00	128.49
Benefits paid	(28.11)	(29.31)
Closing balance	303.49	270.86
<b>Movement of liability in balance sheet</b>		
Opening balance	81.36	108.04
Expenses as above	47.64	101.81
Contribution paid	(35.00)	(128.49)
Closing balance	94.00	81.36
<b>c.2) Leave encashment (unfunded)</b>		
<b>Assumptions</b>		
Salary rise	4%	4%
Discount rate	8%	8%
Attrition rate	4%	4%
<b>Changes in present value of defined benefit obligation</b>		
Opening balance	56.46	34.94
Interest cost	4.52	2.80
Current services cost	3.02	6.41
Benefits paid	(21.67)	(21.81)
Actuarial (gain) / loss	24.25	34.12
Closing balance	66.58	56.46
<b>Expenses recognised in Statement of profit and loss</b>		
Current service cost	3.02	6.41
Interest cost on benefit obligation	4.52	2.80
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	24.25	34.12
Net benefit expense	31.79	43.33

Note:

The estimated rate of escalation in salary, considered in actuarial valuation, is determined after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by an actuary.

- 11.2.** The Company had announced Voluntary Retirement Scheme (VRS) for the employees during the previous year. A sum of Rs.37.06 lakhs (Previous year: Rs.48.73 lakhs) has been paid during the year and debited to Statement of profit and loss under the head "Exceptional Items".



## 12. Segment reporting (Accounting Standard 17)

In accordance with Accounting Standard - 17 "Segment Reporting" issued under the Companies (Accounting Standard) Rules 2006, the Company's business consists of two reportable segments i.e., Explosives & Accessories and Wind power.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company.

As part of secondary reporting, revenues are attributed to geographical markets based on the location of the customers.

The following tables present the information of revenue, profit, assets and liabilities relating to the business / geographical segments for the year ended 31st March, 2013.

### Information about primary business segments (Rs. in lakhs)

Particulars	2012-13			2011-12		
	Reportable segments			Reportable segments		
	Explosives & accessories	Wind power	Total	Explosives & accessories	Wind power	Total
<b>Revenue</b>						
External	11,886.86	54.87	11,941.73	11,514.90	54.28	11,569.18
Inter-segment	-	-	-	-	-	-
Total revenue	11,886.86	54.87	11,941.73	11,514.90	54.28	11,569.18
<b>Result</b>						
Segment result	818.75	3.36	822.11	1,674.50	1.87	1,676.37
Interest (net)			78.52			16.91
Profit before tax			743.59			1,659.46
Less: Income tax expense			209.67			465.36
Profit after tax			533.92			1,194.10
<b>Other information</b>						
Segment assets	8,656.20	334.27	8,990.47	7,427.01	380.48	7,807.49
Segment liabilities	3,557.78	0.01	3,557.79	2,678.39	0.01	2,678.40
Unallocated liabilities	-	-	24.44	-	-	95.40
Total liabilities	3,557.78	0.01	3,582.23	2,678.39	0.01	2,773.80
Capital expenditure						
Tangible assets	690.91	-	690.91	580.31	-	580.31
Intangible assets	-	-	-	-	-	-
Depreciation	170.14	44.36	214.50	142.30	44.36	186.66

### Information about secondary geographical segments (Rs. in lakhs)

Particulars	2012-13		2011-12	
	Within India	Outside India	Within India	Outside India
External revenue by location of customers	11,282.04	659.69	10,808.93	760.25
Carrying amount of segment assets by location of assets	8,990.47	-	7,807.49	-
Cost incurred on acquisition of tangible and intangible fixed assets	690.91	-	580.31	-



**13. Details of related parties (Accounting Standard 18)**

As per Accounting Standard (AS - 18) on related party disclosures issued by the Institute of Chartered Accountants of India and notified by Companies (Accounting Standards) Rules, 2006, transactions with the related parties are given below :

Nature of relationship	Related party	Transactions during the year (Yes/No)
1 Key management personnel	Dr.A.N.Gupta Mr. T.V.Chowdary Mr. K.Chalil Dr.N.V.Srinivasa Rao	Yes Yes Yes Yes
2 Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta Mrs. Shonika Prasad Mrs.T.Malati Ms.T.Shruti Mr.T.Lohit Mrs.N.Surya Kumari Mrs.P.P.Malu	Yes Yes Yes Yes Yes Yes Yes
3 Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing A. N. Gupta (HUF) Godavari Farms & Plantations	No Yes No
4 Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)	Godavari Explosives Limited Ask Consultants Private Limited Aims	Yes Yes Yes
5 Concerns in which the company has substantial interest	Premier Wire Products Limited	Yes
6 Joint ventures	Premier Georgia Limited, Georgia Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S., Turkey	No No

**13.1. Details of transactions with the related parties**

(Rs. in lakhs)

S. No.	Related party / Nature of transaction	2012-13		2011-12	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
<b>1</b>	<b>Key management personnel</b>		<b>157.94</b>		125.35
	Managerial remuneration	<b>198.93</b>	Credit	187.40	Credit
	Acceptance of unsecured loans	<b>67.00</b>		48.58	
	Interest paid	<b>14.20</b>		9.48	
	Repayment of unsecured loans	<b>15.00</b>		35.70	
	Dividend paid	<b>31.38</b>		24.42	

(Contd.)



Details of transactions with the related parties (Contd...)

(Rs. in lakhs)

S. No.	Related party / Nature of transaction	2012-13		2011-12	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
<b>2</b>	<b>Relatives of key management personnel</b>		<b>103.58</b>		<b>61.94</b>
	Sitting fees	1.00	Credit	1.10	Credit
	Acceptance of unsecured loans	38.64		20.98	
	Repayment of unsecured loans	4.75		19.28	
	Interest paid	10.65		7.62	
	Dividend paid	41.36		31.08	
<b>3</b>	<b>Concerns in which key management personnel have substantial interest (Significant interest entities)</b>		<b>102.67</b>		<b>78.43</b>
			Credit		Credit
	Acceptance of unsecured loans	25.68		41.81	
	Repayment of unsecured loans	8.00		12.00	
	Interest paid	11.39		8.22	
	Rent received	-		0.03	
	Lease rent paid	-		6.00	
	Dividend paid	13.03		10.14	
<b>4</b>	<b>Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)</b>		<b>2.86</b>		<b>11.09</b>
			Debit		Debit
	Jobwork charges paid	1.14		3.78	
	Transport charges paid	9.52		9.36	
	Lease rent paid	18.00		18.00	
	Interest income	0.97		1.88	
	Dividend paid	0.15		0.02	
<b>5</b>	<b>Concerns in which the company has substantial interest</b>		<b>-</b>		<b>341.82</b>
					Debit
	Rent paid	0.60		0.60	
	Lease rent received	1.43		1.56	
	Interest income	30.54		42.43	
	Purchase of raw materials	138.23		213.42	
	Sale of materials	-		6.91	
	Investment written off	-		2.48	
	Loan given	70.00		120.00	
	Loan repaid	415.00		20.00	
	Purchase of assets	-		2.75	
	Employee benefits expense reimbursed	2.33		2.13	
	Purchase of spares	-		0.13	
	Sale of asset	13.50		-	
	Jobwork charges paid	3.14		-	
	Investment in preference shares	475.00		-	



**13.2. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

(Rs. in lakhs)

S.No.	Nature of transaction/Related party	2012-13	2011-12
<b>1.</b>	<b>Acceptance of unsecured loans</b>		
	Dr.A.N.Gupta	67.00	43.58
	A.N.Gupta (HUF)	25.68	41.81
	Dr. Kailash Gupta	-	15.00
	Mrs. Shonika Prasad	30.00	-
<b>2</b>	<b>Interest income</b>		
	Premier Wire Products Limited	30.54	42.43
<b>3</b>	<b>Interest paid</b>		
	A.N.Gupta (HUF)	11.39	8.22
	Dr. Kailash Gupta	4.99	4.82
	Dr.A.N.Gupta	13.51	9.19
<b>4</b>	<b>Lease rent received</b>		
	Premier Wire Products Limited	1.43	1.56
	Godavari Farms & Plantations	-	0.03
<b>5</b>	<b>Job work charges paid</b>		
	Premier Wire Products Limited	3.14	-
	Aims	1.14	3.78
<b>6</b>	<b>Lease rent paid</b>		
	Godavari Explosives Limited	18.00	18.00
	Amar Leasing	-	6.00
<b>7</b>	<b>Loan given</b>		
	Premier Wire Products Limited	70.00	120.00
<b>8</b>	<b>Managerial remuneration paid</b>		
	Dr.A.N.Gupta	105.02	94.58
	Mr. T.V Chowdary	33.53	33.97
	Mr. K.Chalil	31.17	32.03
	Dr.N.V.Srinivasa Rao	29.21	26.82
<b>9</b>	<b>Rent paid</b>		
	Premier Wire Products Limited	0.60	0.60
<b>10</b>	<b>Repayment of unsecured loans</b>		
	Dr.A.N.Gupta	15.00	35.70
	Mrs.P.P.Malu	4.75	-
	Dr. Kailash Gupta	-	15.00
	A.N.Gupta (HUF)	8.00	12.00
<b>11</b>	<b>Investment in preference shares</b>		
	Premier Wire Products Limited	475.00	-
<b>12</b>	<b>Investment written off</b>		
	VTL Premier Pyrotechnics Limited	-	2.48
<b>13</b>	<b>Sitting fees</b>		
	Dr.Kailash Gupta	1.00	1.10
<b>14</b>	<b>Sale of asset</b>		
	Premier Wire Products Limited	13.50	-
<b>15</b>	<b>Transport charges paid</b>		
	Ask Consultants Private Limited	9.52	9.36



**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year (Contd.)**

(Rs. in lakhs)

S.No.	Nature of transaction/Related party	2012-13	2011-12
<b>16</b>	<b>Purchase of materials</b>		
	Premier Wire Products Limited	<b>138.23</b>	213.42
<b>17</b>	<b>Sale of materials</b>		
	Premier Wire Products Limited	-	6.91
<b>18</b>	<b>Purchase of assets</b>		
	Premier Wire Products Limited	-	2.75
<b>19</b>	<b>Employee benefits expense reimbursed</b>		
	Premier Wire Products Limited	<b>2.33</b>	2.13
<b>20</b>	<b>Purchase of spares</b>		
	Premier Wire Products Limited	-	0.13
<b>21</b>	<b>Loan repaid</b>		
	Premier Wire Products Limited	<b>415.00</b>	20.00
<b>22</b>	<b>Dividend paid</b>		
	Dr.A.N.Gupta	<b>31.20</b>	24.36
	A.N.Gupta (HUF)	<b>13.03</b>	10.14
	Dr.Kailash Gupta	<b>21.00</b>	16.01
	Mrs.Shonika prasad	<b>19.69</b>	14.83

**14. Accounting for Leases (Accounting Standard 19)**

**Operating lease income**

Rental income received during the year on operating lease is Rs.1.43 lakhs (Previous year: Rs.1.56 lakhs).

**Operating lease expenses**

The company has various operating leases for equipment, office facilities and vehicles that are renewable on a periodic basis, by mutual consent, on mutually agreeable terms and cancellable at its option. Rental expenses on operating leases recognised in the Statement of profit and loss for the year is Rs.1.43 lakhs (previous year: Rs.1.61 lakhs)

**15. Earnings per share - the numerator and denominator used to calculate earnings per share**

	Year ended 31st March, 2013	Year ended 31st March, 2012
Profit attributable to the equity shareholders (Rs. in lakhs) (A)	<b>533.92</b>	1,194.10
Basic / weighted average number of equity shares outstanding during the year (B)	<b>81,27,315</b>	81,27,005
Face value of each equity share (Rs.)	<b>10.00</b>	10.00
Basic/diluted Earnings per share (Rs.) (A)/(B)	<b>6.57</b>	14.69

**16. Deferred tax liabilities(net)**

(Rs. in lakhs)

Particulars	Opening as at 1st April, 2012	Charge/(Credit) during the year	Closing as at 31st March, 2013
<b>a) Deferred tax liabilities</b>			
Depreciation	586.84	52.20	<b>639.04</b>
<b>Total (a)</b>	586.84	52.20	<b>639.04</b>
<b>b) Deferred tax assets</b>			
Expenses debited to the Statement of profit and loss in a year but allowable as deductible expenses for tax purposes in the subsequent years as reduced by the claims allowable in the current year in respect of such expenses on a payment basis	89.93	(33.47)	<b>56.46</b>
Others	12.65	7.37	<b>20.02</b>
<b>Total (b)</b>	102.58	(26.10)	<b>76.48</b>
<b>Net (a - b)</b>	484.26	78.30	<b>562.56</b>

**17. Interests in Joint ventures (Accounting standard 27)**

The company's interests, as a venturer, in jointly controlled entities (incorporated joint ventures) are :

Name	Country of incorporation	Percentage of ownership interest as at 31st March, 2013
Premier Georgia Limited	Georgia	<b>45%</b>
Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S.	Turkey	<b>50%</b>

The company's interests in the joint ventures are reported as long-term investments (note no.12), against which full provision has been made for diminution in value of investments.

The company's share of each of the assets, liabilities, income and expenses, etc., related to its interests in the joint ventures are not given as audited / unaudited financial statements are not available. There is no impact on the profit for the year due to non disclosure of the above details.

**18. Details of raw materials consumed**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Ammonium nitrate	<b>2,712.64</b>	2,413.20
GI wire	<b>130.66</b>	199.50
Aluminium strip	<b>154.56</b>	192.68
Others	<b>2,489.64</b>	2,155.71
<b>Total</b>	<b>5,487.50</b>	4,961.09



**19. Purchase of traded goods**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Detonating fuse	57.85	15.50
Stores, etc.	103.19	32.54
<b>Total</b>	<b>161.04</b>	<b>48.04</b>

**20. Details of sales, closing stock and opening stock**

**Manufactured goods**

(Rs. in lakhs)

Particulars	Sales 2012-13	Sales 2011-12	Closing inventory 31.03.2013	Closing inventory 31.03.2012	Opening inventory 01.04.2012	Opening inventory 01.04.2011
Industrial explosives	4,801.89	4,243.13	8.47	-	-	-
Detonators	2,916.39	3,752.56	75.58	61.63	61.63	58.59
Windpower	54.87	54.28	0.52	0.57	0.57	0.54
Others	2,515.96	2,077.58	166.60	152.73	152.73	21.94
<b>Total</b>	<b>10,289.11</b>	<b>10,127.55</b>	<b>251.17</b>	<b>214.93</b>	<b>214.93</b>	<b>81.07</b>

**Traded goods**

(Rs. in lakhs)

Particulars	Sales 2012-13	Sales 2011-12	Closing inventory 31.03.2013	Closing inventory 31.03.2012	Opening inventory 01.04.2012	Opening inventory 01.04.2011
Safety detonating fuse	83.97	22.60	-	-	-	-
Stores, etc.	117.39	31.92	-	-	-	-
<b>Total</b>	<b>201.36</b>	<b>54.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Services**

(Rs. in lakhs)

Particulars	Sales 2012-13	Sales 2011-12
Operations and maintenance services	1,329.96	1,259.61
Job work and other services	121.30	127.50
<b>Total</b>	<b>1,451.26</b>	<b>1,387.11</b>

**21. Details of work in progress**

(Rs. in lakhs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Industrial explosives	44.56	23.17
Detonator	87.12	84.80
Others	256.06	142.54
<b>Total</b>	<b>387.74</b>	<b>250.51</b>



**22. Value of imports calculated on C.I.F. basis**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw materials	-	2.65
Components and spares	0.21	4.52
Traded goods	17.19	0.30
Capital goods	224.74	271.73
<b>Total</b>	<b>242.14</b>	<b>279.20</b>

**23. Expenditure in foreign currency (on accrual basis)**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Commission	4.44	15.28
Legal and professional charges	9.83	4.25
Carriage and freight	-	5.74
Other expenses	7.98	10.54
<b>Total</b>	<b>22.25</b>	<b>35.81</b>

**24. Value of imported and indigenous raw materials and spare parts consumed and their percentages to total consumption**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Amount	%	Amount	%
Raw materials				
Imported	0.97	0.02%	2.72	0.05%
Indigenous	5,486.53	99.98%	4,958.37	99.95%
	<b>5,487.50</b>	<b>100.00%</b>	<b>4,961.09</b>	<b>100.00%</b>
Components and spares				
Imported	0.63	0.79%	0.47	0.57%
Indigenous	78.79	99.21%	82.41	99.43%
	<b>79.42</b>	<b>100.00%</b>	<b>82.88</b>	<b>100.00%</b>

**25. Earnings in foreign exchange (on accrual basis)**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
FOB value of exports	599.48	760.25
Job work charges received	22.73	-
<b>Total</b>	<b>622.21</b>	<b>760.25</b>

Per our report of even date

For **P. V. R. K. Nageswara Rao & Co.,**

Chartered Accountants

Firm's Registration Number: 002283S

For and on behalf of the Board

**P. V. R. K. Nageswara Rao**

Partner

Membership Number: 18840

**C. Subba Rao**  
President (Finance) & CFO**Dr. A.N. Gupta**  
Chairman and Managing DirectorSecunderabad  
29.05.2013**Avinash Kumar Singh**  
Company Secretary**T.V. Chowdary**  
Executive Director



## Annexure - 7

**Green Initiative in Corporate Governance**

Dear Member,

We firmly believe that holding shares in de-mat form and receiving dividends through Electronic Clearing Service (ECS) will reduce consumption of paper to large extent. Further, as part of “Green Initiative for Corporate Governance”, the government has allowed companies to send notices and documents to their shareholders electronically to facilitate paperless communication. *(Circular No. 17/2011 dated 21/04/2011 and Circular No. 18/2011 dated 29/04/2011 issued by the Ministry of Corporate Affairs)*

Your company welcomes this move and strongly recommends to all the shareholders to opt for this type of communication. This will also ensure prompt receipt and avoid loss of paper-documents in transit. Last year, your company had sent the annual reports electronically to a few shareholders. There are many shareholders who have not yet registered their e-mail addresses.

We request them to fill up the ‘E-Communication Registration Form’ given below and send it back to the company. The registration form can also be downloaded from the company’s website [www.pelgel.com](http://www.pelgel.com).

**Let us whole heartedly participate in this Green Initiative!**

**Avinash Kumar Singh**  
Company Secretary

*Note: As a member you are entitled to receive communications in physical form upon written request to the company.*

**Premier Explosives Limited**

‘Premier House’, 11, Ishaq Colony, Near AOC Centre, Secunderabad - 500 015

**E-Communication Registration Form**

(In terms of circular no. 17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID : .....  
Name of 1st Registered Holder : .....  
Name of Joint Holder(s) : .....

E-mail ID (to be registered) :

Registered Address : .....  
.....  
.....

I/We shareholder(s) of Premier Explosives Limited agree to receive communication from the company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date : .....

Signature : .....  
(First Holder)

Note : Shareholder(s) are requested to keep the company informed as and when there is any change in the e-mail address.





## Annexure-8

**Premier Explosives Limited**

‘Premier House’, 11, Ishaq Colony, Near AOC Centre, Secunderabad - 500 015

**33rd Annual General Meeting, 8th August, 2013 At 9.30 a.m.****Admission Slip**

I declare that I am a registered  
shareholder of the company and  
hold ..... shares  
.....

Client ID .....  
DP ID .....  
FOLIO No. ....  
(to be filled in by the shareholders)

## Notes

## Member's Signature

1. A member intending to appoint a proxy should complete the proxy form below and deposit it at the company's registered office, not later than 48 hours before scheduled commencement of the meeting.
2. A member/proxy attending the meeting must complete this admission slip and hand it over at the entrance.
3. The meeting will be held at Surana Udyog Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabad - 500 004.

Name of the Proxy in BLOCK LETTERS

Proxy's Signature

## Annexure-9

**Premier Explosives Limited**

‘Premier House’, 11, Ishaq Colony, Near AOC Centre, Secunderabad - 500 015

**Proxy Form**

Client ID .....  
DP ID .....  
FOLIO No. ....  
(to be filled in by the shareholders)

I / We ..... being Member / Members of PREMIER EXPLOSIVES  
LIMITED hereby appoint .....  
of .....  
in the district of .....  
as my / our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of the company to be held on 8th  
August, 2013 and at any adjournment thereof.

Signed this ..... day of ..... 2013

Name .....

Address .....

.....

Revenue  
Stamp

The Proxy form should be deposited at the registered office of the company not later than 48 hours before scheduled commencement of the meeting.

1. In order to prevent entry of unauthorised persons, entry to the meeting will only be allowed to members bringing attendance slips. Please therefore bring the attendance slip duly signed and hand it over at the entrance.
2. Members desirous of any information on the accounts at the meeting are requested to send their queries at least 10 days before the meeting to the company at its registered office.
3. Company has entered into agreements with Depositories which would enable investors to hold and trade the company's shares in dematerialised form.





Annexure-10

**Electronic Clearing Service (Credit Clearing)  
ECS Mandate Form**

**Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism**

1. Name of the first/sole shareholder : \_\_\_\_\_
2. Folio No./Client ID No. : \_\_\_\_\_
3. E-mail ID : \_\_\_\_\_
4. Particulars of bank account of first/sole shareholder
  - a) Name of the bank : \_\_\_\_\_
  - b) Branch, address, telephone no. of the branch : \_\_\_\_\_
  - c) 9-Digit code number of the bank and branch appearing on the MICR cheque issued by the bank : \_\_\_\_\_
  - d) Account number (as appearing on the cheque book/pass book) : \_\_\_\_\_
  - e) Account type (S.B.account/current account or cash credit) : \_\_\_\_\_
  - f) Ledger and ledger folio number (as appearing on the cheque book/pass book) : \_\_\_\_\_

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank, for verification of the above particulars)

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Premier Explosives Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

Place : \_\_\_\_\_ (.....)

Date : \_\_\_\_\_ Signature of the shareholder

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp \_\_\_\_\_ (.....)

Date : \_\_\_\_\_ Signature of Authorized Official of the Bank

Notes

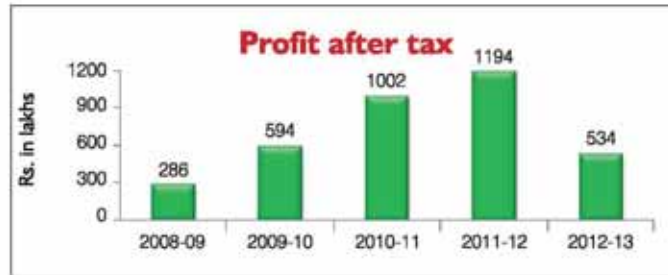
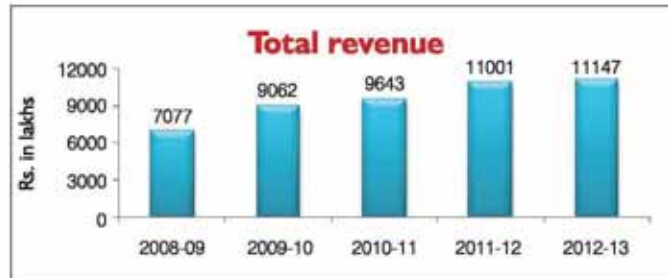
1. Please fill in the attached Mandate Form and send it to :
  - i) The depository participant who is maintaining your demat account in case your shares are held in electronic form.
  - ii) The Registrar & Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081 in case your shares are held in physical form.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings bank pass book issued to you by your bank, for verification of the above particulars.
3. In case of more than one folio please complete details on separate sheets.
4. The completed mandate form should reach our Registrar's address (as mentioned above) on or before 29th July, 2013 to enable the company to implement this facility.
5. The company shall finalise the facility based upon the quantum of response received from shareholders and the arrangements so finalized with the dividend bankers and subject to the various approvals and directions from RBI/other statutory agencies.



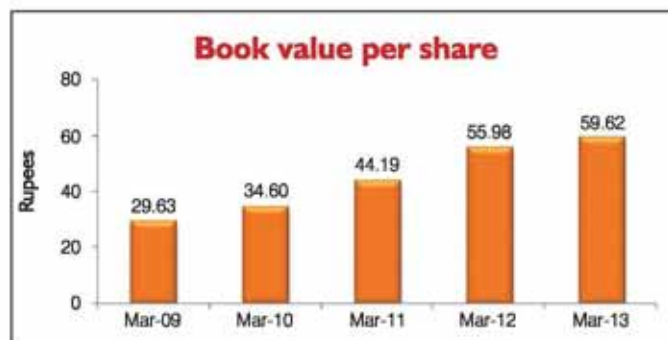
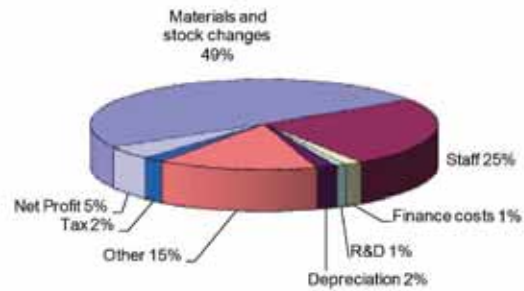




## Financial Highlights



### Income pie 2012-13



**PRINTED MATTER  
BOOK - POST**

*If undelivered, please return to :*

**Premier Explosives Limited**

‘Premier House’

11, Ishaq Colony







(Near AOC Centre)

Secunderabad - 500 015. (A.P.)

Phone: 040 - 66146801 to 5

email: [investors@pelgel.com](mailto:investors@pelgel.com)

**FORM A****Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the company	Premier Explosives Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	<p>Matter of Emphasis:</p> <p>Audit report mentions that company's share in assets, liabilities, income and expenses in the joint ventures are not disclosed.</p> <p>The company's share of each of the assets, liabilities, income and expenses are related to its interests in the joint ventures in Turkey and Georgia. These details could not be <del>not be</del> given as audited / unaudited financial statements are not available. There is no impact on the profit for the year due to non disclosure of the above details. Full provision has been made in the books for diminution in the value of investments.</p>
4.	Frequency of observation	Appeared first time
5.	To be signed by- <ul style="list-style-type: none"><li>• CEO/Managing Director</li><li>• CFO</li><li>• Auditor of the company</li><li>• Audit Committee Chairman</li></ul>	<p>   </p> <p> </p>

# FORM B

## Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Premier Explosives Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit qualification	Subject to
4.	Frequency of qualification	Appeared first time
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Auditors have made a qualification that remuneration paid to Chairman and Managing Director is in excess of the limits laid down under sections 198 and 309 read with schedule XIII of the Companies Act, 1956 and is subject to the approval of Central Government.</p> <p><b>Note 30.2.7 in the accounts / Directors' report</b></p> <p>Remuneration of Chairman and Managing Director, for a period of three years, had been approved by the shareholders in the Annual General Meeting held on 31st July, 2010, subject to the approval of Central Government, if required.</p> <p>In view of satisfactory financial performance, approval of the Central Government had not been required for the managerial remuneration paid during the years 2010-11 and 2011-12. However, during the year 2012-13 there was an accident in the detonators plant and the operations had been adversely affected. Consequential inadequacy of profit resulted in the managerial remuneration being in excess of the amount payable in terms of sections 198 and 309 read with schedule XIII of the Companies Act, 1956 by an amount of Rs.51.29 lakhs. The company is taking necessary steps to obtain the approval of Central Government.</p>
	Additional comments from the board/audit committee chair:	The company is taking necessary steps to obtain the approval of Central Government.
5.	To be signed by- <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	