



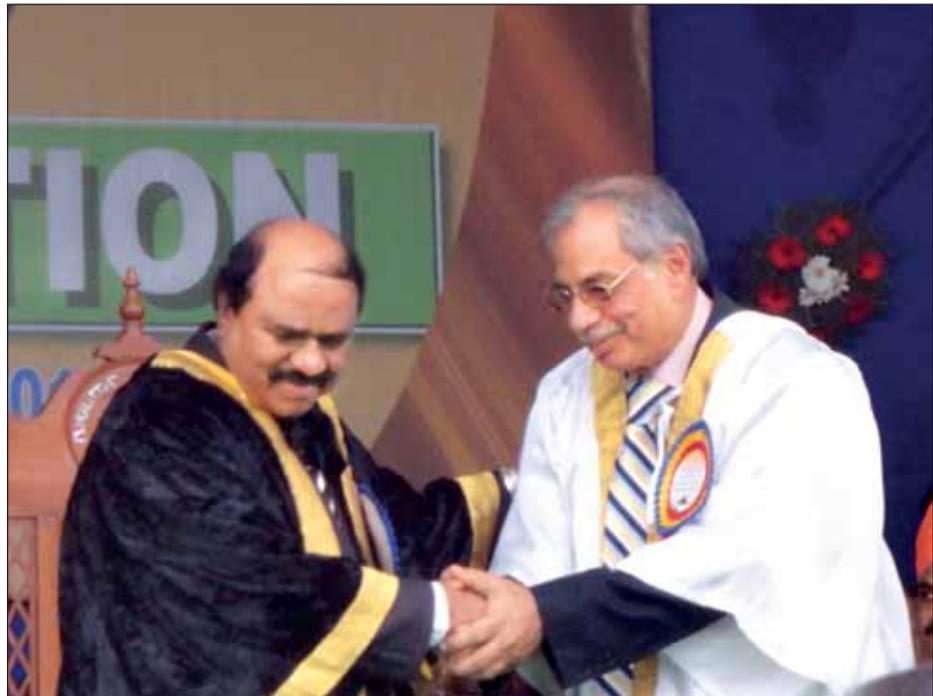
**Premier  
Explosives  
Limited**

*The high energy people*

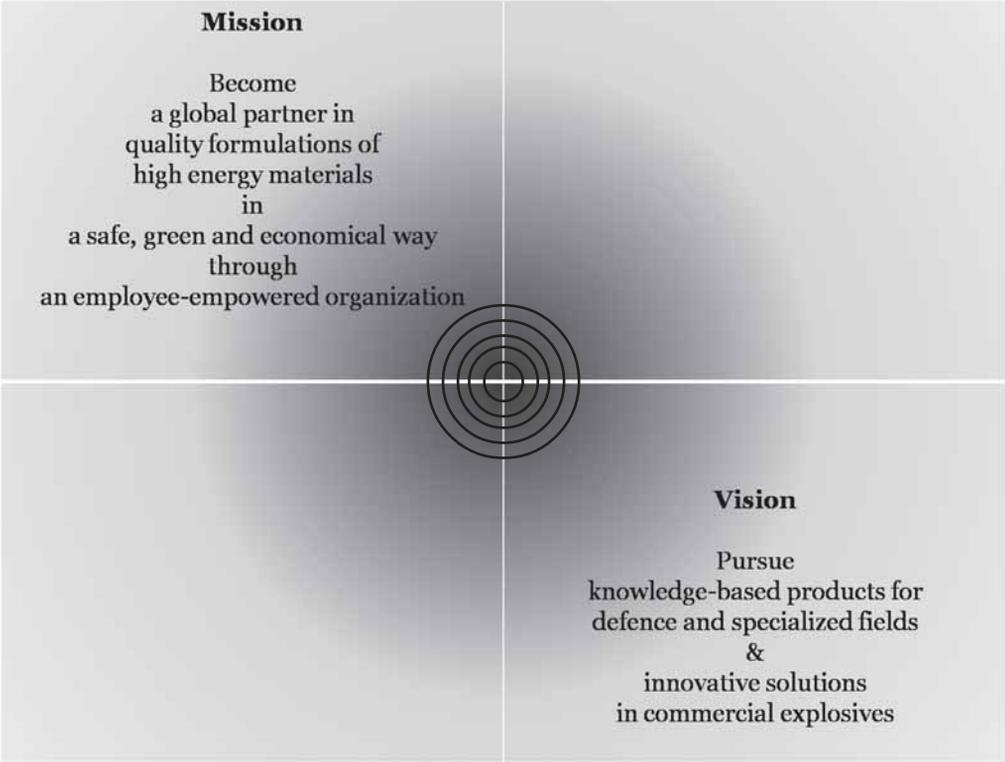
**32<sup>nd</sup> Annual Report  
2011-12**



**The next leap ahead.....towards knowledge-based products**



**Mr. A. N. Gupta being conferred Doctor of Science (Honoris Causa) by Gulbarga University**



*We take pride in saying that Premier has been . . . . .  
pursuing these ideals and goals successfully  
crossing remarkable milestones in the journey of challenges and opportunities  
enhancing the value for all the stakeholders*

## Contents

Corporate Information	2
Board profile	3
AGM Notice	6
Directors' Report	8
Management Discussion & Analysis	10
Report on Corporate Governance	11
Auditors' Certificate on Corporate Governance	20
CEO & CFO Certificate	20
Particulars of conservation of energy etc.	21
Particulars of employees	22
Auditors' Report	23
Balance Sheet	26
Statement of Profit & Loss	27
Cash Flow Statement	28
Notes on accounts	30
E-communication Registration Form	53
Admission Slip & Proxy Form	54
ECS Mandate Form	55
10 years at a glance	56

## 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, 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 / Qualification	On Board since	Residence	No. of shares held on 31.03.2012
Designation	Experience, achievements, recognitions, etc.				
<b>1. Dr. A.N.Gupta</b>  Chairman & Managing Director (Founder-promoter)	14.04.1945	M.Sc., D.Sc.	20.02.1980	Secunderabad	17,39,333 (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>Recipient of 'Pickering and ISM Medal' from India's foremost mining university, Indian School of Mines, Dhanbad.</p> <p>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>				
<b>2. Mr. T.V.Chowdary</b>  Executive Director	16.08.1957	B.Sc, B.Sc. Tech(Petroleum)	31.08.2005	Secunderabad	5,000
	<p>A chemical engineer with over 31 years of experience in production of explosives, detonators, petrochemicals, coal tar pitches &amp; enamels, mushrooms and solid propellants. Having project execution as his forte, he is excellent in HR management and is a steadfast trouble-shooter.</p>				
<b>3. Mr. K. Chalil</b>  Director - Marketing	18.09.1939	Graduate-AIME-Mining	31.08.2005	Secunderabad	2,474
	<p>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.</p>				
<b>4. Dr.N.V.Srinivasa Rao</b>  Director - Production	03.01.1956	M.Sc., Ph. D. (Chemistry)	27.04.2009	Hyderabad	50
	<p>A doctorate in chemistry with over 30 years of experience in the field of explosives &amp; 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.</p>				

## Premier Explosives Limited

Name of the director	Born	Education / Qualification	On Board since	Residence	No. of shares held on 31.03.2012
Designation	Experience, achievements, recognitions, etc.				
<b>5. Dr. (Mrs.) Kailash Gupta</b> Non-executive Director (Promoter)	30.01.1946	M.D. (Obstetrics & Gynaecology)	27.05.1999	Secunderabad	8,40,188
	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.				
<b>6. 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 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>				
<b>7. 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.				
<b>8. 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 the President in 2003.</p>				

Name of the director	Born	Education / Qualification	On Board since	Residence	No. of shares held on 31.03.2012
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, development of all IGDMP Projects as well as 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 32nd Annual General Meeting

Notice is hereby given that the Thirty Second 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 Monday, the 30th July, 2012 at 11.00 a.m. to transact the following business:

### As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012, 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 2011-12
3. To appoint a director in place of Dr. Haridwar Singh, who retires by rotation and being eligible offers himself for reappointment
4. To appoint a director in place of Mr. Anilkumar Mehta, who retires by rotation and being eligible offers himself 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 reappointment 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 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. N.V. Srinivasa Rao, Director (Production) of the company for a period of three years from 01.05.2012 at a remuneration as given in the Explanatory statement attached to the notice convening the Annual General Meeting."

**By Order of the Board**

Secunderabad  
23.05.2012

**Avinash Kumar Singh**  
Company Secretary

### Notes

1. Dr. Haridwar Singh and Mr. Anilkumar Mehta retire by rotation at this meeting and seek reappointment. Their brief resumes are given under Board Profile.
2. Members are required to bring the admission slip as given in Annexure-8 duly filled in.
3. 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 attorney, in order to be effective, must be received at the registered office of the company not later than 11.00 a.m. on 28.07.2012.
4. 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 Registrars and share transfer agents in case the shares are held in physical form. ECS mandate form is given in Annexure-10.
5. The register of members and the share transfer books of the company will remain closed from 20.07.2012 to 30.07.2012 (both days inclusive).
6. The dividend, if declared, will be paid to the members

whose names appear in the register of members of the company as on 30.07.2012.

7. The shares of the company are listed in the Bombay Stock Exchange and the company has paid up-to-date listing fee to the said stock exchange.
8. 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.
9. 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, 2005 or any subsequent year(s) are requested to make their claim to the Company Secretary, Premier Explosives Limited, 'Premier House', 11, Ishaq Colony, Near AOC Centre, Secunderabad - 500015.
10. 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

The present term of appointment of Dr. N. V. Srinivasa Rao, Director (Production) expired on 30.04.2012. The Board of directors in its meeting held on 02.02.2012 has, subject to shareholders' approval, reappointed him as Director (Production) for a period of 3 years from 01.05.2012 at remuneration as given below.

### 1. Salary

- a) He will be entitled to a basic salary of Rs. 1,10,000/- (Rupees one lakh ten thousand only) per month with effect from 1st May 2012.
- 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 2013.

### 2. Perquisites and Allowances

In addition to the 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.

- a) Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.
- b) 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.

- c) 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.
- d) 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.

- e) Club fees (Membership fee in any one club not being admission and life membership fee).
- f) Medclaim and personal accident insurance as per Rules of the company.

### 3. Other benefits

- a) Company's contribution towards Provident Fund as per the rules and regulations prescribed under Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- b) Leave encashment at the end of tenure as per rules of the Company.
- c) Gratuity not exceeding half month's salary for each completed year of service, subject to maximum limit prescribed under the Payment of Gratuity Act, 1972.

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

- d) 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 (Production) 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 Dr. N. V. Srinivasa Rao, is interested or concerned in the said resolution.

## Directors' Report

Dear Members

Your directors are pleased to present the 32nd annual report together with the audited accounts of the company for the year ended 31st March, 2012.

A summary of the results is given below:

### 1. Financial performance

	(Rs. in lakhs)	
	2011-12	2010-11
Gross revenue	<b>11836.00</b>	10391.68
Excise duty	<b>(834.58)</b>	(748.99)
Net revenue	<b>11001.42</b>	9642.69
Gross profit	<b>1908.54</b>	1807.39
Finance costs	<b>(101.62)</b>	(125.79)
Depreciation	<b>(186.66)</b>	(176.61)
Exceptional items (net)	<b>39.20</b>	–
Profit before tax	<b>1659.46</b>	1504.99
Provision for tax	<b>(465.36)</b>	(503.46)
<b>Profit after tax</b>	<b>1194.10</b>	1001.53
<b>Earnings per share (Rs.)</b>	<b>14.69</b>	12.33
Dividend per share (Rs.) (subject to approval of the shareholders)	<b>2.50</b>	2.00
Total shareholders' funds	<b>4549.43</b>	3591.32
<b>Book value per share (Rs.)</b>	<b>55.98</b>	44.19

Your company has achieved a growth of 14% in gross revenue at Rs.11836 lakhs for the year ended 31st March, 2012 compared to Rs. 10392 lakhs in the previous year. Most of the increase has been contributed by accessories while there has been satisfactory growth in other products also. Exports increased from Rs.542 lakhs to Rs.760 lakhs, recording a growth of 40%.

In line with top line, gross profit increased from Rs. 1807 lakhs to Rs.1909 lakhs and profit before tax from Rs.1505 lakhs to Rs.1659 lakhs.

Net profit for the year stood at Rs.1194 lakhs, as against Rs.1002 lakhs for the previous year, resulting in the EPS reaching Rs.14.69 from Rs.12.33 for the previous year.

Book value increased from Rs.44.19 per share to Rs.55.98, after providing for proposed dividend of Rs.2.50 and corporate dividend tax of Rs.0.40 per share.

### 2. Operations

In the explosives & accessories division, some products have fared well while others could not. Production of detonators increased to 65 million numbers from 48 million last year. However, production of bulk explosives declined to 14,984 tons from previous year's 16,544 tons. Operations & maintenance contracts have been carried out at SHAR,Sriharikota, SFC,Jagdulpur and ARDE, Pune to the satisfaction of our principals.

Windmill at Pushpathur produced 16.12 lakh units of power compared to 14.70 lakh during the previous year.

### 3. Dividend

In view of higher net profit, your directors recommend a dividend of Rs.2.50 per share for the year ended 31st March, 2012 on the amount of paid up share capital. This is 25% higher than the previous year's dividend of Rs.2.00 per share.

### 4. Reserves

Total reserves as on 31st March, 2012, after providing for dividend for the year, stood at Rs.3737 lakhs, representing an increase of 34% from last year's Rs.2779 lakhs.

### 5. Future outlook

Despite some concerns about environmental impact, increasing need for power is expected to result in expanded mining activity which would create higher demand for the company's products.

Revenues from defence explosives are expected to increase after having commissioned the expansion project in March, 2012, as Government has allocated larger funds for defence procurement.

There has been severe competition in some of the recent tenders and the company decided to withdraw from participation. Your company is taking necessary steps, like focusing on exports, to create alternative income streams for maintaining healthy growth.

### 6. Deposits

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

### 7. Credit rating

During the year ICRA has upgraded the long-term credit rating from 'LBBB+(Stable)' to '(ICRA)A-(Stable)' and short-term rating from 'A2' to '(ICRA)A2+'.

Further improving balance sheet is expected to lead to better rating in coming years.

**8. Green initiatives**

This year also, windmill and rooftop solar PV plant produced more green power (around 16 lakh units) than the grid power (around 13 lakh units) drawn by the company.

Following the "Green Initiative for Corporate Governance", your company has sent notices and documents to the shareholders by electronic means, thus reducing the paper consumption to an extent.

Your company appreciates the shareholders for wholeheartedly agreeing for electronic communication.

Shareholders, who have not yet registered their email id's, are once again requested to send the E-communication Registration Form to their depository participants or to the company, to make this green initiative 100% successful.

**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 have made an observation in their report pertaining to note no. 31.2.16 of Notes on accounts. This note is self explanatory.

**11. Directors**

Dr. Haridwar Singh and Mr. Anilkumar Mehta will 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

- i) the applicable accounting standards have been followed;
- ii) 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, 2012 and of the profit of the company for the year ended on that date;
- iii) 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;

- iv) 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 are furnished in the Annexure-6.

**17. Industrial relations**

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

**18. 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  
23.05.2012

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

## Annexure-1 to the Directors' Report

### Management Discussion & Analysis

#### 1. Industry structure and developments

Increasing demand for power is here to stay. Safety concerns - after the debacles of Japanese nuclear power plants - have dented the euphoria over nuclear power worldwide, including in India. Hence thermal energy will continue to be the primary source of power ensuring higher demand for coal for many years.

During the last couple of years, the nation has witnessed some setbacks like unauthorized and unaccounted mining of minerals. Collateral benefit of these setbacks is the Government started strengthening the mechanism for accounting the production of minerals from pithead-stage till the end-use-point or export-point. These measures will help in attaining transparency and in weeding out unorganized players, which indeed is a healthy development from long term perspective.

Explosives industry derives demand for its products from mining and infrastructure sectors and these sectors are expected to grow satisfactorily in the foreseeable future.

#### 2. Opportunities

Considering the opportunities in domestic and export markets, your company has embarked upon setting up a cartridge explosive plant. Expected to commence production in second quarter, this plant would help the company to generate additional revenue from this year.

Your company is also setting up an explosives silo to cater to cement industry in Nalgonda district of Andhra Pradesh. This plant also is expected to be up and running in second quarter.

There are encouraging signals for private sector participation in defence industry and your company is exploring various opportunities to enhance its presence in defence explosives.

#### 3. Threats, risks and concerns

Market competition, recent depreciation of Indian currency with its impact on cost of raw materials, etc. are some of the risks being faced by the explosive manufacturers. Your company believes these factors are temporary and is geared up to meet the challenges with the knowledge and other strengths gained during the last three decades.

#### 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. 31.2.11 'Segment reporting'.

#### 5. Outlook

International economic scenario is still in flux and inflation in India continues to be a concern. These factors could have a general unfavourable impact.

Competition in some of the recent tenders together with longer than expected timelines in opening of some other tenders forms the unfavourable part of the market scenario.

However, the recently expanded solid propellant capacity together with the new cartridge explosive plant and bulk explosive silo planned for commissioning in the current year are expected to help the company to maintain the overall performance and profitability.

#### 6. Internal control systems and their adequacy

The company has adequate internal control systems (including independent internal audit) 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 gross revenue at Rs.11836 lakhs is 14% higher than the gross revenue of Rs. 10392 lakhs for the previous year.

Profitability of bulk explosives was lower compared to last year due to higher cost of raw materials. However, the contribution from accessories was encouraging and overall performance was better on year-on-year basis.

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

The management acknowledges the contributions made by each and every employee and records its appreciation for the cooperation extended by them at all levels.

**For and on behalf of the Board**

Secunderabad  
23.05.2012

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

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#### 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.

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## 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.

Category	Name of the director
I. Executive directors	
a) Promoter	Dr. A. N. Gupta (Chairman & Managing Director)
b) Non-promoters	Mr. T. V. Chowdary Mr. K. Chalil Dr. N. V. Srinivasa Rao
II. Non - executive promoter director	Dr. (Mrs.) Kailash Gupta
III. Non-executive independent directors	Dr. Haridwar Singh Mr. Anilkumar Mehta Mr. P. R. Tripathi Dr. A. Venkataraman Mr. K. Rama Rao

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

S.No.	Name of the director	Number of Board meetings held during the tenure	Number of Board meetings attended	Attendance in the last AGM held on 18.07.2011
1	Dr. A. N. Gupta	5	5	Present
2	Mr. T. V. Chowdary	5	4	Present
3	Mr. K. Chalil	5	5	Present
4	Dr. N. V. Srinivasa Rao	5	5	Present
5	Dr. (Mrs.) Kailash Gupta	5	5	Present
6	Dr. Haridwar Singh	5	5	Present
7	Mr. Anilkumar Mehta	5	4	Not present
8	Mr. P. R. Tripathi	5	4	Present
9	Dr. A. Venkataraman	5	3	Not present
10	Mr. K. Rama Rao	5	5	Present

- 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, 2012 have been made by the directors. The number of directorships and committee chairmanships / memberships held by them in other companies is given below.

S. No.	Name of the Director	Board of directors		Board Committees	
		Director	Chairman	Member	Chairman
1	Dr. A. N. Gupta	2	1	-	-
2	Mr. T. V. Chowdary	3	-	-	-
3	Mr. K. Chalil	2	-	-	-
4	Dr. N. V. Srinivasa Rao	1	-	-	-
5	Dr. (Mrs.) Kailash Gupta	2	-	-	-
6	Dr. Haridwar Singh	2	-	-	-
7	Mr. Anilkumar Mehta	-	-	-	-
8	Mr. P. R. Tripathi	4	2	3	-
9	Dr. A. Venkataraman	-	-	-	-
10	Mr. K. Rama Rao	-	-	-	-

- 2.4. Five Board meetings were held during the year on 19.05.2011, 18.07.2011, 29.10.2011, 22.12.2011 and 02.02.2012. 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, 2012

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 32nd AGM

Dr. Haridwar Singh and Mr. Anilkumar Mehta are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Profiles of these two 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. The Audit Committee of the company is constituted with the following members 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)	-	Non-executive, independent director
Mr. Anilkumar Mehta	-	Non-executive, independent director
Mr. K. Rama Rao	-	Non-executive, independent director

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 18th July 2011.
- 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 19.05.2011, 18.07.2011, 29.10.2011 and 02.02.2012. The necessary quorum was present at all the meetings. Details of attendance at the meetings are given below:

Name	Category	No of meetings held during the member's tenure in 2011-12	
		Held	Attended
Mr. P. R. Tripathi	Non-executive, independent director	4	4
Mr. Anilkumar Mehta	"	4	3
Mr. K. Rama Rao	"	4	4

#### 4. Remuneration committee

4.1. The Remuneration Committee has the following members:

Mr. P. R. Tripathi (Chairman) - Non-executive, independent director

Mr. Anilkumar Mehta - Non-executive, independent director

Mr. K. Rama Rao - Non-executive, independent director

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 19.05.2011 and 02.02.2012 during the year, attended by all members, for deciding the annual increment in remuneration of Mr. T. V. Chowdary, Executive Director, Mr. K. Chalil, Director (Marketing) and Dr. N. V. Srinivasa Rao, Director (Production) with effect from 01.04.2011 and for reappointment and revision in remuneration of Dr. N. V. Srinivasa Rao, Director (Production) with effect from 01.05.2012.

## 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 committee member	Total
Executive directors						
Dr. A. N. Gupta	53.82	14.24	26.52	-	-	94.58
Mr. T. V. Chowdary	19.19	5.94	8.84	-	-	33.97
Mr. K. Chalil	19.19	4.00	8.84	-	-	32.03
Dr. N. V. Srinivasa Rao	13.38	4.60	8.84	-	-	26.82
Non-executive directors						
Dr. (Mrs.) Kailash Gupta				0.50	0.60	1.10
Mr. Anilkumar Mehta				0.40	0.85	1.25
Dr. Haridwar Singh				0.50	-	0.50
Mr. P. R. Tripathi				0.40	0.30	0.70
Mr. K. Rama Rao				0.50	0.30	0.80
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 shareholder's 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 3 complaints from shareholders. All were redressed to the satisfaction of the shareholders and no complaint was outstanding as on 31st March, 2012.

**6. Subsidiaries**

The company does not have any subsidiaries as on 31st March, 2012.

**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 are given below:

Year	Venue	Date	Time	No. of special resolutions passed
2008-09	Surana Udyog Auditorium,	30.09.2009	11.00 a.m.	2
2009-10	FAPCCI, 11-6-841, Red Hills, Hyderabad -500004	31.07.2010	11.00 a.m.	3
2010-11		18.07.2011	11.00 a.m.	-

## 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. Materially significant related party transactions that may have potential conflict with the interests of the company at large

During the year ended 31.03.2012 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 note 31.2.12 of Notes on 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 Andhra Prabha (Telugu) on approval of the financial results by the Board of directors. Your company has a website, www.pelgel.com, which is regularly updated.

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

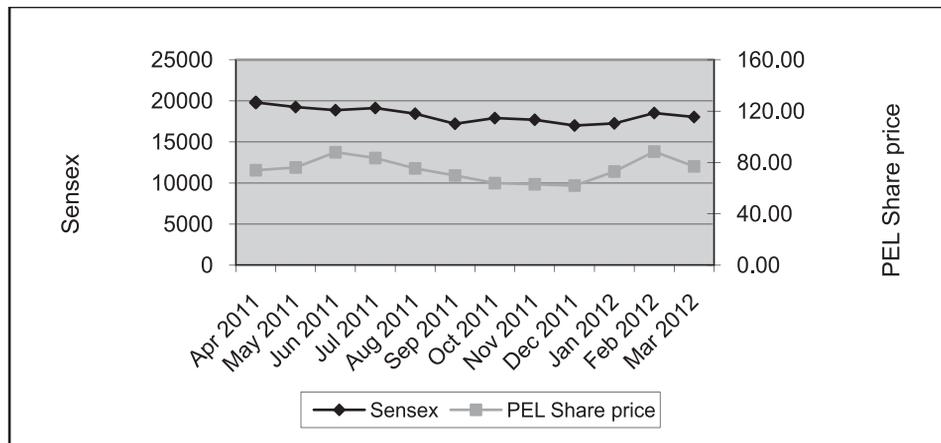
**14. General shareholder information**

14.1	32nd AGM, date, time and venue	Monday, 30th July 2012, 11.00 a.m. Surana Udyog Auditorium, FAPCCI, 11-6-841, Red Hills, Hyderabad -500 029	
14.2	Tentative financial calendar	Publishing the unaudited financial results 1st quarter ending 30th Jun 2012 2nd quarter ending 30th Sep 2012 3rd quarter ending 31st Dec 2012  Publishing the audited financial results for the year ending 31st March, 2013	2nd week of Aug 2012 2nd week of Nov 2012 2nd week of Feb 2013 4th week of May 2013
14.3	Date of book closure (Physical and electronic mode)	20th to 30th of July 2012 (both days inclusive)	
14.4	Expected date of payment of dividend	13th to 25th of August 2012	
14.5	Listing on stock exchange	Bombay Stock Exchange Limited Stock code 526247 Listing fee has been paid for the year 2011-12	
14.6	Registrars & 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 data - High / Low during each month during the year 2011-12**

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
High	74.00	76.10	88.00	83.50	75.40	69.90	64.00	63.00	62.00	73.00	88.50	77.00
Low	62.10	60.00	69.10	74.10	60.00	56.60	52.20	45.10	47.90	52.00	66.00	63.00

**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 15 days and effects the transfer, if all the papers are received and 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 31.03.2012

Range	No. of Shareholders	%	No. of shares	%
1 to 500	5,579	88.46	8,00,223	9.85
501 to 1,000	327	5.18	2,73,625	3.37
1,001 to 2,000	180	2.85	2,74,982	3.38
2,001 to 3,000	59	0.94	1,53,641	1.89
3,001 to 4,000	28	0.44	1,00,128	1.23
4,001 to 5,000	22	0.35	1,01,707	1.25
5,001 to 10,000	47	0.75	3,43,542	4.23
Above 10,000	65	1.03	60,79,727	74.80
Total	6,307	100.00	81,27,575	100.00

### 14.11. Categories of shareholders as on 31.03.2012

Category	No. of shares	%
Promoters	34,03,497	41.88
Mutual funds	1,200	0.01
Banks, financial institutions & others	100	0.00
Corporate bodies	7,23,539	8.90
Indian public	34,99,141	43.06
NRI's/ OCB's	5,00,098	6.15
Total	81,27,575	100.00

### 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.

78,61,033 equity shares representing 96.72 % of the total number of shares have been dematerialized as on 31.03.2012.

14.13. Address for correspondence

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

14.14. Plant locations

Plant		Location
Detonators, Detonating fuse 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, Mandarakuppam, 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 23.05.2012.

**For and on behalf of the Board**

Secunderabad  
23.05.2012

**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, 2012, 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 in respect of investor grievances received during the year ended 31st March, 2012 no investor grievances are pending against the company for a period exceeding one month as per the records maintained by the company which are presented to the Shareholders/ Investors Grievance Committee.

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

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

Chartered Accountants  
Firm's Registration No. 002283S

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

Hyderabad  
23.05.2012

Partner

Membership No. 18840

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### 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) 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, 2012 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;
  - 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, 2012 are fraudulent, illegal or violative 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.
  - a) There has not been any significant change in internal control over financial reporting during the year under reference.
  - b) There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements.
  - c) We are not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having significant role in the company's internal control system of over financial reporting.

Secunderabad  
23.05.2012

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

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

## 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	:	Commercialising 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>2011-12</b>	2010-11
i Capital	:	<b>1.08</b>	30.20
ii Recurring	:	<b>83.75</b>	69.46
Total	:	<b>84.83</b>	99.66
R & D expenditure as % of turnover	:	<b>0.78%</b>	1.05%
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>2011-12</b>	2010-11
a) Earnings (FOB value of exports)	:	<b>760.25</b>	542.44
b) Outgo	:	<b>315.01</b>	132.43

For and on behalf of the Board

Secunderabad  
23.05.2012Dr. 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, 2012**

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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	94.58	M.Sc., D.Sc.	67	45	14.02.1980	I.E.L. Limited, Area Sales Manager

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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, medical expenses and benefits.

**For and on behalf of the Board**

Secunderabad  
23.05.2012

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

## Auditors' Report

To the Members of  
Premier Explosives Limited

1. We have audited the attached Balance Sheet of Premier Explosives Limited as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books.
  - iii) 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.
  - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with

by this report comply with the Accounting Standards referred in section 211 (3C) of the Companies Act, 1956 to the extent applicable except in respect of the following:

**We draw the attention of the members to note no. 31.2.16 of Notes on accounts regarding nondisclosure 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.**

- v) On the basis of the written representations received from the directors, as on 31.03.2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the notes and accounting policies thereon give the information required by the Companies Act, 1956 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
  - b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

**P. V. R. K. Nageswara Rao**  
Partner  
Membership No. 18840

Hyderabad  
23.05.2012

**Annexure referred to in Paragraph 3 of Auditors' Report of even date on the accounts of Premier Explosives Limited for the year ended 31st March 2012**

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. As regards capital works in-progress, the same will be verified by the management on completion of assets.  
(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, 2012 and the maximum amount involved during the year were Rs. 3,57,88,632/- and Rs.3,88,66,784/- 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 eight parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31st March, 2012 and the maximum amount involved during the year were Rs. 1,96,51,000/- and Rs. 2,52,51,000/- 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 President (Finance) and 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 31.03.2012 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, Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of dispute as on 31.03.2012, except Central Sales Tax, the details of which are as given below:
- |                                |   |
|--------------------------------|---|
| Name of the Statute            | : Central Sales Tax                       |
| Nature of the dues             | : Tax payable on completion of assessment |
| Year to which it relates       | : 2007-08                                 |
| Amount                         | : Rs.1,51,30,507/-                        |
| Forum where dispute is pending | : Honourable High Court of Andhra Pradesh |
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, as the company has not taken any term loans, the provision of clause (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for this year.
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 an 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 No. 18840

Hyderabad  
23.05.2012

**Balance Sheet as at 31st March, 2012**

(Rs. in lakhs)

Particulars	Note no.	As at 31st March, 2012	As at 31st March, 2011
<b>Equity and liabilities</b>			
<b>Share holders' funds</b>			
Share capital	1	812.70	812.55
Reserves and surplus	2	3,736.73	2,778.77
		<b>4,549.43</b>	3,591.32
<b>Non-current liabilities</b>			
Long-term borrowings	3	242.36	174.78
Deferred tax liabilities (net)	4	484.26	474.18
Other long-term liabilities	5	108.76	89.42
Long-term provisions	6	72.15	47.92
		<b>907.53</b>	786.30
<b>Current liabilities</b>			
Short-term borrowings	7	116.84	110.38
Trade payables	8	559.60	387.09
Other current liabilities	9	1,276.89	1,368.37
Short-term provisions	10	397.20	413.76
		<b>2,350.53</b>	2,279.60
<b>Total</b>		<b>7,807.49</b>	<b>6,657.22</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	3,305.52	2,943.47
Intangible assets	11	5.30	9.55
Net block		3,310.82	2,953.02
Capital work in progress		119.53	26.25
Unallocated expenditure pending capitalisation	12	–	17.48
		<b>3,430.35</b>	2,996.75
Non-current investments	13	45.00	45.00
Long-term loans and advances	14	727.05	541.90
Other non-current assets	15	52.59	31.64
		<b>4,254.99</b>	3,615.29
<b>Current assets</b>			
Inventories	16	1,177.69	944.79
Trade receivables	17	1,549.55	1,537.44
Cash and bank balances	18	488.08	311.00
Short-term loans and advances	19	265.40	217.69
Other current assets	20	71.78	31.01
		<b>3,552.50</b>	3,041.93
<b>Total</b>		<b>7,807.49</b>	<b>6,657.22</b>
<b>Significant accounting policies and Notes on accounts</b>	31		

Per our report of even date  
For **P. V. R. K. Nageswara Rao & Co.**,  
Chartered Accountants  
Firm's Registration No. 002283S

For and on behalf of the Board

**P. V. R. K. Nageswara Rao**  
Partner  
Membership No.18840

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

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

Secunderabad  
23.05.2012

**Avinash Kumar Singh**  
Company Secretary

**T.V. Chowdary**  
Executive Director

## Statement of Profit and Loss for the year ended 31st March, 2012

(Rs. in lakhs)

Particulars	Note no.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Revenue</b>			
Revenue from operations			
Sale of products		10,127.55	8,919.96
Sale of traded goods		54.52	23.36
Sale of services	21	1,387.11	1,244.03
Other operating revenues	22	96.93	74.26
		<u>11,666.11</u>	<u>10,261.61</u>
Less: Excise duty		834.58	748.99
		<u>10,831.53</u>	<u>9,512.62</u>
Other income	23	169.89	130.07
Total revenue		<u>11,001.42</u>	<u>9,642.69</u>
<b>Expenses</b>			
Cost of raw materials consumed	24	4,961.09	4,139.73
Purchase of stock in trade		48.04	22.71
Changes in inventories of finished goods, work-in-progress and scrap	25	(49.39)	139.57
Employee benefits expense	26	2,429.32	2,046.45
Finance costs	27	101.62	125.79
Research and development expenses	28	83.75	69.46
Depreciation (net) and amortisation expense		186.66	176.61
Other expenses	29	1,620.07	1,417.38
Total expenses		<u>9,381.16</u>	<u>8,137.70</u>
<b>Profit before exceptional items and tax</b>		<b>1,620.26</b>	<b>1,504.99</b>
<b>Exceptional items (net)</b>	30	<b>39.20</b>	<b>-</b>
<b>Profit before tax</b>		<b>1,659.46</b>	<b>1,504.99</b>
<b>Tax expense</b>			
Current tax		495.00	440.00
Deferred tax		10.08	58.28
Income tax adjustments		(39.72)	5.18
		<u>465.36</u>	<u>503.46</u>
<b>Profit for the year</b>		<b>1,194.10</b>	<b>1,001.53</b>
<b>Earnings per equity share</b> (Face value: Rs.10/- per share)			
Basic - Rs.		14.69	12.33
Diluted - Rs.		14.69	12.33
<b>Significant accounting policies and Notes on accounts</b>	31		

Per our report of even date  
For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration No. 002283S

For and on behalf of the Board

**P. V. R. K. Nageswara Rao**  
Partner  
Membership No.18840

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

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

Secunderabad  
23.05.2012

**Avinash Kumar Singh**  
Company Secretary

**T.V. Chowdary**  
Executive Director

## Cash Flow Statement for the year ended 31st March, 2012

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>A. Net cash flow from operating activities</b>		
Net profit after exceptional items and before tax	1,659.46	1,504.99
Adjustments for		
Depreciation	186.66	176.61
Investments written off	2.48	–
Provision for diminution in value of investments no longer required (net)	(2.48)	(47.40)
Loss on sale of investments (net)	–	49.80
Interest expense	76.97	76.83
Wealth tax	0.40	0.08
Interest income	(60.06)	(60.04)
Bad debts written off	0.48	–
(Profit) / loss on sale of assets (net)	(88.37)	0.45
Book deficit on assets discarded	4.08	0.55
Unrealised foreign exchange variation	13.10	0.70
Operating profit before working capital changes	1,792.72	1,702.57
Adjustments for		
(Increase)/decrease in inventories	(232.90)	122.78
(Increase) in trade receivables	(9.51)	(568.95)
(Increase)/decrease in dividend accounts with banks and bank deposits including margin monies	103.84	(102.10)
(Increase) / decrease in receivables and loans and advances	(253.87)	153.59
Increase in trade payables and other current liabilities	74.58	364.28
Cash generated from operations	1,474.86	1,672.17
Income tax paid	(490.03)	(409.45)
Wealth tax paid	(0.08)	(0.15)
<b>Total</b>	<b>984.75</b>	<b>1,262.57</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure	(656.11)	(664.41)
Disposal of fixed assets	120.14	1.79
Interest received	20.37	36.58
Sale of investments	–	100.13
<b>Total</b>	<b>(515.60)</b>	<b>(525.91)</b>

**Cash Flow Statement (Contd.)**

(Rs. in lakhs)

Particulars		<b>For the year ended 31st March, 2012</b>	For the year ended 31st March, 2011
<b>C. Cash flow from financing activities</b>			
Repayment of long-term borrowings		–	(80.12)
Increase in unsecured loans and deposits		<b>59.05</b>	30.81
Increase / (decrease) in working capital loans		<b>6.46</b>	(412.79)
Receipt against share allotment money due		<b>0.15</b>	0.15
Interest paid		<b>(65.76)</b>	(78.05)
Dividend and dividend tax paid		<b>(188.13)</b>	(187.19)
<b>Total</b>	<b>C</b>	<b>(188.23)</b>	<b>(727.19)</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>280.92</b>	9.47
Cash and cash equivalents at the beginning of the year		<b>48.84</b>	39.37
<b>Total</b>	<b>D</b>	<b>329.76</b>	<b>48.84</b>

## Notes

- Figures in brackets indicate cash outgo.
- 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.
- Significant accounting policies and Notes 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.

Per our report of even date  
For **P. V. R. K. Nageswara Rao & Co.,**  
Chartered Accountants  
Firm's Registration No. 002283S

**P. V. R. K. Nageswara Rao**  
Partner  
Membership No.18840

Secunderabad  
23.05.2012

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

**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, 2012	As at 31st March, 2011
<b>1.</b>	<b>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>0.06</b>	0.21
		<b>0.93</b>	0.78
		<b>812.70</b>	812.55

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

	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 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>12,18,236</b>	<b>14.99%</b>	12,05,167	14.83%
Dr. (Mrs.) Kailash Gupta	<b>8,40,188</b>	<b>10.34%</b>	7,98,999	9.83%
Mrs. Shonika Prasad	<b>7,41,663</b>	<b>9.13%</b>	7,41,635	9.12%
A.N. Gupta (HUF)	<b>5,21,097</b>	<b>6.41%</b>	5,07,030	6.24%

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 2012, the amount of dividend recognised as distributions to equity shareholders was Rs.2.50 per share (2010-11: Rs. 2.00 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, 2012	As at 31st March, 2011
<b>2.</b>	<b>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
	Revaluation reserve		
	As per last account	–	34.02
	Less: Amount reversed	–	34.02
		–	–
	General reserve		
	As per last account	560.00	310.00
	Add: Amount transferred from statement of profit and loss	340.00	250.00
		<b>900.00</b>	560.00
	Balance in statement of profit and loss (Surplus)		
	As per last account	2,014.73	1,452.07
	Add: Profit as per statement of profit and loss	1,194.10	1,001.53
	Total available for allocations and appropriations	3,208.83	2,453.60
	Less: Allocations and appropriations		
	Proposed dividend	203.18	162.51
	Provision for corporate dividend tax	32.96	26.36
	Transferred to General reserve	340.00	250.00
	Profit carried forward to next year	2,632.69	2,014.73
		<b>3,736.73</b>	<b>2,778.77</b>
<b>3.</b>	<b>Long term borrowings</b>		
	<b>Unsecured</b>		
	Loans from related parties	187.26	142.87
	Less: Current maturities of long-term debt	65.50	66.98
		<b>121.76</b>	75.89
	Loans from others	160.04	151.04
	Less: Current maturities of long-term debt	39.44	52.15
		<b>120.60</b>	98.89
		<b>242.36</b>	174.78
	Above loans carry interest @ 12.5% p.a.		
	There is no continuing default as on the balance sheet date in repayment of loans and interest amounts		
<b>4.</b>	<b>Deferred tax liabilities (net)</b>		
	Balance at the beginning of the year	474.18	415.90
	Adjustment for the current year	10.08	58.28
		<b>484.26</b>	474.18
<b>5.</b>	<b>Other long term liabilities</b>		
	Deposits from dealers and others	78.98	73.32
	Interest accrued but not due on borrowings	29.78	16.10
		<b>108.76</b>	89.42

		(Rs. in lakhs)	
Note no.	Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>6.</b>	<b>Long term provisions</b>		
	Provision for employee benefits	72.15	47.92
		<u>72.15</u>	<u>47.92</u>
<b>7.</b>	<b>Short term borrowings</b>		
	<b>Secured</b>		
	Loans repayable on demand		
	Working capital loans from banks	116.84	110.38
	Above loans are secured by hypothecation of stocks and book debts and further secured by second charge on specified fixed assets of the company and personal guarantee of two directors of the company		
	Above loans carry interest @ 12% to 15% p.a.		
	There is no default as on the balance sheet date in repayment of loans and interest amounts	<u>116.84</u>	<u>110.38</u>
<b>8.</b>	<b>Trade payables</b>		
	Dues of micro and small enterprises	11.14	4.21
	Dues of enterprises other than micro and small enterprises	548.46	382.88
		<u>559.60</u>	<u>387.09</u>
<b>9.</b>	<b>Other current liabilities</b>		
	Current maturities of long-term debt		
	Unsecured loans from related parties	65.50	66.98
	Unsecured loans from others	39.44	52.15
		<u>104.94</u>	<u>119.13</u>
	Interest accrued but not due on borrowings	23.76	26.23
	Advances from customers	261.79	293.87
	Unclaimed dividend	15.17	14.43
	(There is no amount due and outstanding to be credited to investor education and protection fund)		
	Other payables		
	Statutory liabilities	299.44	323.05
	Creditors for capital works	81.24	20.05
	Others	490.55	571.61
		<u>871.23</u>	<u>914.71</u>
		<u>1,276.89</u>	<u>1,368.37</u>
<b>10.</b>	<b>Short term provisions for</b>		
	Employees benefits	65.66	95.06
	Proposed dividend	203.18	162.51
	Corporate dividend tax	32.96	26.36
	Wealth tax	0.40	0.08
	Income tax	1,517.22	1,728.00
	Less: prepaid taxes	1,430.22	1,634.79
	Interest on income tax	8.00	36.54
		<u>397.20</u>	<u>413.76</u>

**11. Fixed assets**

(Rs. in lakhs)

Description of Assets	Gross Block					Depreciation /Amortisation					Net Block	
	Cost as at 01.04.2011	Additions during the year	Deductions during the year	Deductions due to reversal of revaluation	Total cost as at 31.03.2012	Up to 31.03.2011	For the year	On deductions	On deductions due to reversal of revaluation	Total up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible assets</b>												
Land	318.60	20.97	-	-	<b>339.57</b>	-	-	-	-	-	<b>339.57</b>	318.60
Leasehold land	2.19	-	-	-	<b>2.19</b>	0.26	0.02	-	-	<b>0.28</b>	<b>1.91</b>	1.93
Roads and buildings	969.37	131.97	33.95	-	<b>1,067.39</b>	175.67	23.95	6.65	-	<b>192.97</b>	<b>874.42</b>	793.70
Plant and equipment	2,410.14	375.61	11.41	-	<b>2,774.34</b>	834.24	133.91	10.43	-	<b>957.72</b>	<b>1,816.62</b>	1,575.90
Research and development equipment	135.00	1.08	0.14	-	<b>135.94</b>	21.25	5.86	0.13	-	<b>26.98</b>	<b>108.96</b>	113.75
Data processing equipment	57.39	2.85	10.24	-	<b>50.00</b>	43.73	4.02	9.49	-	<b>38.26</b>	<b>11.74</b>	13.66
Office equipment	58.50	1.95	15.33	-	<b>45.12</b>	21.66	2.72	11.44	-	<b>12.94</b>	<b>32.18</b>	36.84
Furniture and fittings	69.36	3.20	8.49	-	<b>64.07</b>	20.29	3.95	7.23	-	<b>17.01</b>	<b>47.06</b>	49.07
Vehicles	78.88	42.68	4.53	-	<b>117.03</b>	38.86	7.98	2.87	-	<b>43.97</b>	<b>73.06</b>	40.02
Sub-total	4,099.43	580.31	84.09	-	<b>4,595.65</b>	1,155.96	182.41	48.24	-	<b>1,290.13</b>	<b>3,305.52</b>	2,943.47
<b>Intangible assets</b>												
ERP licence fee	8.32	-	-	-	<b>8.32</b>	8.32	-	-	-	<b>8.32</b>	-	-
Software	16.99	-	-	-	<b>16.99</b>	7.44	4.25	-	-	<b>11.69</b>	<b>5.30</b>	9.55
Sub-total	25.31	-	-	-	<b>25.31</b>	15.76	4.25	-	-	<b>20.01</b>	<b>5.30</b>	9.55
<b>Total</b>	4,124.74	580.31	84.09	-	<b>4,620.96</b>	1,171.72	186.66	48.24	-	<b>1,310.14</b>	<b>3,310.82</b>	2,953.02
Previous year total	3,635.50	620.68	5.47	125.97	<b>4,124.74</b>	1,089.74	176.61	2.68	91.95	<b>1,171.72</b>	<b>2,953.02</b>	2,545.76

**12 Statement of unallocated expenditure pending capitalisation**

(Rs. in lakhs)

Particulars	As at 31.3.2011	During the year	Total	Capitalised during the year	As at 31.3.2012
Salaries, wages, bonus and other benefits	4.68	6.57	11.25	(11.25)	—
Staff welfare expenses	0.26	0.50	0.76	(0.76)	—
Finance costs	6.55	-	6.55	(6.55)	—
Insurance	-	0.09	0.09	(0.09)	—
Rates and Taxes, excluding taxes on income	3.14	(0.54)	2.60	(2.60)	—
Printing and Stationery	0.04	0.01	0.05	(0.05)	—
Vehicle maintenance	0.80	0.93	1.73	(1.73)	—
Travelling expenses	0.53	4.34	4.87	(4.87)	—
Professional charges	0.05	1.97	2.02	(2.02)	—
General expenses	1.43	0.44	1.87	(1.87)	—
	17.48	14.31	31.79	(31.79)	—

The above unallocated expenditure has been allocated to relevant assets capitalised on 13.03.2012.

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>13.</b>	<b>Non-current investments</b>		
	(Long term investments)		
	Investments in equity instruments (Non-trade, unquoted, fully paid up) ( At Cost less provision for other than temporary diminution in value)		
	Investments in equity instruments		
	24,800 Equity shares of Rs.10 each fully paid up in VTL Premier Pyrotechnics Limited	—	2.48
	Less:		
	Provision for diminution in value of investment	—	2.48
	4,50,000 Equity shares of Rs.10/- each fully paid up in Premier Wire Products Limited	<b>45.00</b>	45.00
	Investment in joint ventures		
	9,000 Equity shares of \$10 each fully paid up in Premier Georgia Limited	<b>40.63</b>	40.63
	Less:		
	Provision for diminution in value of investment	<b>40.63</b>	40.63
	3,600 Equity shares of YTL 25 each in Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S.	<b>27.82</b>	27.82
	Less:		
	Provision for diminution in value of investment	<b>27.82</b>	27.82
		<b>45.00</b>	<b>45.00</b>
	Aggregate amount of unquoted investments	<b>113.45</b>	<b>115.93</b>
	Aggregate provision for diminution in value of investments	<b>68.45</b>	<b>70.93</b>

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>14.</b>	<b>Long term loans and advances</b>		
	(Unsecured, considered good)		
	Capital advances	247.22	178.32
	Security deposits	134.83	115.20
	Loans and advances to related parties	345.00	245.00
	Loans and advances to other parties	–	3.38
		<u>727.05</u>	<u>541.90</u>
<b>15.</b>	<b>Other non-current assets</b>		
	(Unsecured, considered good)		
	Long term trade receivables	44.31	21.25
	Long term prepaid expenses	8.28	10.39
		<u>52.59</u>	<u>31.64</u>
<b>16.</b>	<b>Inventories</b>		
	(Valued at cost and net realisable value whichever is lower except the scrap which is valued at net realisable value)		
	Raw materials	500.58	386.06
	(including stock in transit of Rs.8.27 lakhs, Previous year: NIL)		
	Work-in-progress	250.51	326.27
	Finished goods	214.93	81.07
	Stores and spares	205.72	140.50
	Scrap	5.95	10.89
		<u>1,177.69</u>	<u>944.79</u>
<b>17.</b>	<b>Trade receivables</b>		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they became due for payment	43.27	53.83
	Others	1,506.28	1,483.61
		<u>1,549.55</u>	<u>1,537.44</u>
<b>18.</b>	<b>Cash and bank balances</b>		
	Cash and cash equivalents		
	Cash on hand	5.89	2.38
	Balances with banks		
	Current accounts	43.47	16.01
	Corporate liquid term deposit	280.40	–
	Cash credit accounts	–	30.45
		<u>329.76</u>	<u>48.84</u>
	Other bank balances		
	Unpaid dividends	15.17	14.43
	Margin money	121.40	227.74
	(held as margin money as security against the guarantees and other commitments)		
	Bank deposits with more than 12 months maturity	21.75	19.99
		<u>158.32</u>	<u>262.16</u>
		<u>488.08</u>	<u>311.00</u>

		(Rs. in lakhs)	
Note no.	Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>19.</b>	<b>Short term loans and advances</b>		
	(Unsecured, considered good)		
	Loans and advances to related parties	12.92	23.41
	Advances to suppliers	100.68	74.10
	Central excise duty deposit	41.24	40.55
	Prepaid expenses	53.02	20.87
	Others	57.54	58.76
		<u>265.40</u>	<u>217.69</u>
<b>20.</b>	<b>Other current assets</b>		
	Interest accrued on fixed deposits and investments	69.70	30.01
	Fixed deposits with financial institutions	–	1.00
	Insurance claims receivable	2.08	–
		<u>71.78</u>	<u>31.01</u>

**Notes to Statement of Profit and Loss**

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>21.</b>	<b>Sale of services</b>		
	Operations and maintenance services	1,259.61	1,163.11
	Job work and other services	127.50	80.92
		<u>1,387.11</u>	<u>1,244.03</u>
<b>22.</b>	<b>Other operating revenues</b>		
	Sale of scrap arising out of manufacturing process	96.93	74.26
		<u>96.93</u>	<u>74.26</u>
<b>23.</b>	<b>Other income</b>		
	Interest income	60.06	60.04
	Net gain on foreign currency transactions and translations	22.68	–
	Provision for diminution in book value of investments no longer required	2.48	49.88
	Less: Provision for diminution in book value of investments	–	(2.48)
	Profit on sale of assets	0.64	–
	Less: Loss on sale of assets	0.20	–
	Other non-operating income	84.23	22.63
		<u>169.89</u>	<u>130.07</u>
<b>24.</b>	<b>Cost of raw materials consumed</b>		
	Opening stock	386.06	388.64
	Add: Purchases	5,067.34	4,137.15
		<u>5,453.40</u>	<u>4,525.79</u>
	Less: Closing stock	492.31	386.06
		<u>4,961.09</u>	<u>4,139.73</u>

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
<b>25.</b>	<b>Changes in inventories of finished goods, work-in-progress and scrap</b>				
	Finished goods				
	Closing stock	<b>214.93</b>		81.07	
	Opening stock	<b>81.07</b>	<b>(133.86)</b>	322.08	241.01
	Excise duty adjustment				
	Excise duty on closing stock	<b>11.13</b>		7.36	
	Excise duty on opening stock	<b>7.36</b>		21.26	
	Excise duty adjustment on finished goods		<b>3.77</b>		(13.90)
	Work-in-progress				
	Closing stock	<b>250.51</b>		326.27	
	Opening stock	<b>326.27</b>	<b>75.76</b>	243.36	(82.91)
	Scrap				
	Closing stock	<b>5.95</b>		10.89	
	Opening stock	<b>10.89</b>	<b>4.94</b>	6.26	(4.63)
			<b>(49.39)</b>		139.57
<b>26.</b>	<b>Employee benefits expense</b>				
	Salaries, wages, bonus and other benefits		<b>2,024.48</b>		1,779.88
	Contribution to provident fund and other funds		<b>261.15</b>		152.13
	Contribution to ESI		<b>39.38</b>		29.37
	Staff welfare expenses		<b>104.31</b>		85.07
			<b>2,429.32</b>		2,046.45
<b>27.</b>	<b>Finance costs</b>				
	Interest expense		<b>76.97</b>		76.83
	Other borrowing costs		<b>24.65</b>		48.96
			<b>101.62</b>		125.79
<b>28.</b>	<b>Research and development expenses</b>				
	Material consumed		<b>8.23</b>		8.41
	Salaries, wages, bonus and other benefits		<b>68.84</b>		55.94
	Contribution to provident fund and other funds		<b>4.35</b>		3.30
	Contribution to ESI		<b>2.33</b>		1.81
			<b>83.75</b>		69.46

		(Rs. in lakhs)	
Note no.	Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>29.</b>	<b>Other expenses</b>		
	Consumption of stores and spare parts	22.78	27.54
	Consumption of packing materials	169.15	157.16
	Power and fuel	110.96	88.59
	Rent	11.10	13.07
	Repairs to buildings	19.14	9.52
	Repairs to machinery	138.08	174.36
	Repairs to other assets	107.19	66.48
	Insurance	36.83	33.41
	Rates and taxes, excluding taxes on income	24.50	23.94
	Directors sitting fees	4.65	3.90
	Payments to auditors		
	as auditors	4.50	3.50
	for tax audit	2.00	2.00
	for income tax matters	0.60	0.50
	for quarterly reviews	2.25	1.50
	for certification	1.20	1.28
	for expenses	1.34	1.24
		<u>11.89</u>	<u>10.02</u>
	Equipment hire charges	24.00	24.13
	Printing and stationery	15.64	14.32
	Communication expenses	23.97	21.79
	Vehicle maintenance	74.94	75.54
	Travelling and conveyance	177.06	143.69
	Professional charges	28.08	31.05
	Advertisement	9.10	2.82
	Sales commission	248.37	150.62
	Sales promotion expenses	7.86	5.74
	Other selling expenses	44.22	36.35
	Carriage and freight	311.55	274.45
	Less: recovered	(191.92)	(184.75)
	General expenses	<u>171.10</u>	<u>133.46</u>
	Bank charges and commission	9.92	14.41
	Donations	2.87	4.57
	Loss on sale of assets	-	0.45
	Net loss on foreign currency transactions and translations	-	10.40
	Loss on sale of investments	-	49.88
	Less: Profit on sale of investment	-	(0.08)
	Investments written off	<u>2.48</u>	<u>-</u>
	Bad debts written off	0.48	-
	Book deficit on assets discarded	4.08	0.55
		<u>1,620.07</u>	<u>1,417.38</u>
<b>30.</b>	<b>Exceptional items</b>		
	Profit on sale of administrative building	87.93	-
	Payments under voluntary retirement scheme	(48.73)	-
		<u>39.20</u>	<u>-</u>

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**31. Significant accounting policies and Notes on accounts****31.1 Significant accounting policies****1. Accounting convention**

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with notified accounting standards issued by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**2. 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-operative expenses form part of the value 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.

**3. Depreciation**

- (i) Depreciation is charged in the accounts 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.

**4. 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.

**5. Inventories**

- (i) Inventories are valued at cost and net realisable value whichever is lower except the scrap which is valued at net realisable value. Cost is determined using weighted average cost method.
- (ii) Stationery, uniforms and canteen expenses are charged off to the revenue at the time of purchase.

**6. Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as a part of cost of such asset till such time as the asset is ready for its intended use.

Other borrowing costs are recognised as expense for the period.

**7. Investments**

- (i) Investments are classified into current and long-term investments.
- (ii) Current investments are valued at lower of cost and fair value.
- (iii) Long-term investments are valued 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.

**8. 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.

**9. Excise duty**

Excise duty recovered is included in "Gross Sales". Excise duty on despatches 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.

**10. 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

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 expensed 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 immediately taken to the Statement of profit and loss.

## b) Leave encashment

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.

**11. Foreign exchange transactions**

Transactions in foreign exchange, other than those covered by forward contracts, are accounted for at the exchange rates prevailing on the date of transactions. Assets and liabilities remaining unsettled at the end of the year other than those covered by forward contracts are translated at the closing rate. Realised gains and losses on foreign exchange transactions are recognised in the Statement of profit and loss.

**12. 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.

**13. 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.

**14. Taxation**

(i) Tax expense (or tax saving) is the aggregate of current year tax, deferred tax 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 recognized 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 and carried forward only to the extent that it has become a reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(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.

**15. 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.

**16. Earnings per share**

- (i) The basic earnings per share is calculated considering the weighted average number of equity shares outstanding during the year.
- (ii) The diluted earnings per share is calculated considering the effects of potential equity shares on net profit after tax for the year and weighted average number of equity shares outstanding during the year.

**17. Proposed dividend**

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

**18. Use of estimates**

Preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

**31.2 Notes on accounts****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. Presentation and disclosure of financial statements**

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**3. Contingent liabilities and commitments**

Particulars	(Rs. in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
Contingent liabilities		
On account of guarantees issued by the banks on behalf of the company	<b>1,805.80</b>	2,656.13
Sales tax demands disputed by the company pending in appeal	<b>151.31</b>	151.31
Guarantees issued by the company on behalf of associate company	<b>171.91</b>	253.91
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>345.44</b>	178.80

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.0.50 lakh paid to Communist Party (Marxist). (Previous year Rs.1.00 lakh paid to Telangana Rashtra Samithi.)

**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. 25 "Changes in inventories of finished goods, work-in-progress and scrap".

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

Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	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.,	339,550	174.97	264,550	117.88
Advance from customers	5,350	2.71	5,350	2.39
Receivables for supplies and services	298,525	151.38	–	–
Loans and advances	158,265	81.55	133,750	59.60
Euros				
Loans and advances	2,879	1.99	–	–
Bank guarantees	–	–	50,925	32.92

**8. Dues of micro and small enterprises**

Information as required to be disclosed under schedule VI of the Companies Act,1956 with reference to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) as given below and the information mentioned at Note no. 8 to the Balance sheet (Trade Payables), w.r.t. dues of micro and small enterprises, has been determined to the extent such parties have been identified on the basis of information available with the company and relied on by the auditors:

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Principal amount remaining unpaid as on 31st March	11.14	4.21
Interest due thereon as on 31st March	–	–
Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, 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	–	–

9. Information pursuant to Clause 32 of Listing Agreement with Stock Exchanges w.r.t. to Loans and Advances in the nature of loans to associates is as given below

(Rs. in lakhs)

Name of the company	Balance as at 31st March 2012	Balance as at 31st March 2011	Maximum outstanding during 2011-12	Maximum outstanding during 2010-11
Premier Wire Products Limited	345	245	365	245

10. Information on employee benefits as required under Accounting Standard 15 (Revised)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
<b>a) Defined contribution plans</b>				
Contribution to provident fund		137.02		102.01
<b>b) State Plan</b>				
Contribution to E.S.I.		41.71		31.18
<b>c) Defined benefit plans</b>				
The following table sets out the status of the defined benefit plans as required under AS 15 (Revised)				
	<b>Gratuity (funded)</b>	<b>Leave encashment (unfunded)</b>	<b>Gratuity (funded)</b>	<b>Leave encashment (unfunded)</b>
<b>Assumptions</b>				
Salary rise	4%	4%	4%	4%
Discount rate	8%	8%	8%	8%
Attrition rate	4%	4%	4%	4%
<b>Changes in present value of obligation</b>				
Opening defined benefit obligation	261.71	34.94	205.59	27.23
Interest cost	20.94	2.80	16.45	2.18
Current services cost	15.76	6.41	11.41	2.29
Benefits paid	(29.31)	(21.81)	(14.95)	(13.39)
Actuarial (gain) / loss on obligation	83.12	34.12	43.21	16.63
Closing defined benefit obligation	352.22	56.46	261.71	34.94
<b>Expenses recognised in Statement of profit and loss</b>				
Current service cost	15.76	6.41	11.41	2.29
Interest cost on benefit obligation	20.94	2.80	16.45	2.18
Expected return on plan assets	(18.01)	–	(10.74)	–
Net actuarial (gain)/loss recognised in the year	83.12	34.12	43.21	16.63
Net benefit expense	101.81	43.33	60.33	21.10

Note

The estimates of rate 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. Segment reporting**

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, 2012.

**Information about primary business segments**

(Rs. in lakhs)

Particulars	2011-12			2010-11		
	Reportable segments			Reportable segments		
	Explosives & accessories	Wind power	Total	Explosives & accessories	Wind power	Total
<b>Revenue</b>						
External	11,514.90	54.28	11,569.18	10,137.90	49.45	10,187.35
Inter-segment			–	–	–	–
<b>Total revenue</b>	<b>11,514.90</b>	<b>54.28</b>	<b>11,569.18</b>	10,137.90	49.45	10,187.35
<b>Result</b>						
Segment result	1,674.50	1.87	1,676.37	1,520.06	1.72	1,521.78
Interest (net)			16.91			16.79
Profit before tax			1,659.46			1,504.99
Less: Income tax expense			465.36			503.46
<b>Profit after tax</b>			<b>1,194.10</b>			1,001.53
<b>Other information</b>						
Segment assets	7,427.01	380.48	7,807.49	6,256.87	400.35	6,657.22
Segment liabilities	2,678.39	0.01	2,678.40	2,461.88	0.01	2,461.89
Unallocated liabilities			95.40			129.83
<b>Total Liabilities</b>	<b>2,678.39</b>	<b>0.01</b>	<b>2,773.80</b>	2,461.88	0.01	2,591.72
Capital expenditure						
Tangible assets	580.31	–	580.31	612.67	–	612.67
Intangible assets	–	–	–	8.01	–	8.01
Depreciation	142.30	44.36	186.66	132.25	44.36	176.61

**Information about secondary business segments - by geographical markets**

(Rs. in lakhs)

Particulars	2011-12		2010-11	
	Amount	%	Amount	%
Within India	10,808.93	93.43%	9,644.91	94.68%
Outside India	760.25	6.57%	542.44	5.32%
<b>Total</b>	<b>11,569.18</b>	<b>100.00%</b>	10,187.35	100.00%

Note: The company does not track its assets and liabilities by geographical markets.

12. 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
1. Key management personnel	Dr.A.N.Gupta Mr. T.V.Chowdary Mr. K.Chalil Dr.N.V.Srinivasa Rao
2. Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta Mrs. Shonika Prasad Mrs. Parvathi Latish Mrs.T.Malati Ms.T.Shruti Mr.T.Lohit Mrs.P.P.Malu
3. Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing A. N. Gupta (HUF) Godavari Farms & Plantations
4. Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)	Godavari Explosives Limited Ask Consultants Private Limited Aims
5. Concerns in which the company has substantial interest	Premier Wire Products Limited VTL Premier Pyrotechnics Limited
6. Joint ventures	Premier Georgia Limited, Georgia Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S., Turkey

12.1. Details of transactions with the related parties

S. No.	Related party / Nature of transaction	2011-12		2010-11	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
<b>1</b>	<b>Key management personnel</b>		<b>125.35</b>		81.21
	Managerial remuneration	<b>187.40</b>	<b>Credit</b>	157.07	Credit
	Acceptance of unsecured loans	<b>48.58</b>		34.00	
	Interest paid	<b>9.48</b>		5.31	
	Repayment of unsecured loans	<b>35.70</b>		4.00	
<b>2</b>	<b>Relatives of key management personnel</b>		<b>62.95</b>		56.52
	Sitting fees	<b>1.10</b>	<b>Credit</b>	1.00	Credit
	Acceptance of unsecured loans	<b>20.98</b>		105.50	
	Repayment of unsecured loans	<b>19.28</b>		162.47	
	Interest paid	<b>7.74</b>		9.95	

(Contd.)

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

(Rs. in lakhs)

S. No.	Related party / Nature of transaction	2011-12		2010-11	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
<b>3.</b>	<b>Concerns in which key management personnel have substantial interest</b>		<b>78.43</b>		45.41
	(Significant interest entities)		<b>Credit</b>		Credit
	Acceptance of unsecured loans	<b>41.81</b>		19.52	
	Repayment of unsecured loans	<b>12.00</b>		14.51	
	Interest paid	<b>8.22</b>		5.26	
	Rent received	<b>0.03</b>		0.14	
	Lease rent paid	<b>6.00</b>		6.00	
<b>4.</b>	<b>Concerns in which relatives of key management personnel have substantial interest</b>		<b>11.09</b>		21.13
	(Significant interest entities)		<b>Debit</b>		Debit
	Jobwork charges paid	<b>3.78</b>		4.76	
	Other expenses paid	<b>9.36</b>		6.96	
	Lease rent paid	<b>18.00</b>		18.00	
	Interest income	<b>1.88</b>		3.13	
<b>5.</b>	<b>Concerns in which the company has substantial interest</b>		<b>341.82</b>		264.46
	Rent paid	<b>0.60</b>	<b>Debit</b>	0.60	Debit
	Lease rent received	<b>1.56</b>		1.56	
	Interest income	<b>42.43</b>		24.38	
	Purchase of raw materials	<b>213.42</b>		181.48	
	Staff cost recovered	–		3.21	
	Sale of materials	<b>6.91</b>		1.52	
	Provision for diminution in book value of investments	–		2.48	
	Investment written off	<b>2.48</b>		–	
	Loan given	<b>120.00</b>		145.00	
	Loan refund	<b>20.00</b>		–	
	Technical consultancy charges received	–		1.08	
	Purchase of assets	<b>2.75</b>		–	
	Staff cost reimbursed	<b>2.13</b>		–	
	Purchase of spares	<b>0.13</b>		–	
<b>6.</b>	<b>Joint ventures</b>		–		–
	Advances written off	–		700.34	
	Interest receivable written off	–		160.71	

**12.2 Disclosure in respect of transaction 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	2011-12	2010-11
<b>1.</b>	<b>Acceptance of unsecured loans</b>		
	Dr.A.N.Gupta	43.58	34.00
	A.N.Gupta (HUF)	41.81	19.52
	Dr. Kailash Gupta	15.00	48.19
	Mrs. Shonika Prasad	–	47.63
<b>2.</b>	<b>Interest received</b>		
	Premier Wire Products Limited	42.43	24.38
	Godavari Explosives Limited	–	3.13
<b>3.</b>	<b>Interest paid</b>		
	A.N.Gupta (HUF)	8.22	5.26
	Dr. Kailash Gupta	4.82	4.05
	Mrs. Shonika Prasad	–	3.22
	Mrs.P.P.Malu	–	2.16
	Dr.A.N.Gupta	9.19	5.31
<b>4.</b>	<b>Lease rent received</b>		
	Premier Wire Products Limited	1.56	1.56
	Godavari Farms & Plantations	0.03	0.14
<b>5.</b>	<b>Job work charges paid</b>		
	Ask Consultants Private Limited	–	1.08
	Aims	3.78	3.68
<b>6.</b>	<b>Lease rent paid</b>		
	Godavari Explosives Limited	18.00	18.00
	Amar Leasing	6.00	6.00
<b>7.</b>	<b>Loans given</b>		
	Premier Wire Products Limited	120.00	145.00
<b>8.</b>	<b>Remuneration including perquisites</b>		
	Dr.A.N.Gupta	94.58	81.75
	Mr. T.V Chowdary	33.97	29.53
	Mr. K.Chalil	32.03	27.13
	Dr.N.V.Srinivasa Rao	26.82	18.67
<b>9.</b>	<b>Rent paid</b>		
	Premier Wire Products Limited	0.60	0.60
<b>10.</b>	<b>Repayment of unsecure loans</b>		
	Dr.A.N.Gupta	35.70	–
	Mrs. Shonika Prasad	–	98.76
	Dr. Kailash Gupta	15.00	54.69
	A.N.Gupta (HUF)	12.00	–
<b>11.</b>	<b>Provision for diminution in book value of investments no longer required</b>		
	VTL Premier Pyrotechnics Limited	–	2.48
<b>12.</b>	<b>Investment written off</b>		
	VTL Premier Pyrotechnics Limited	2.48	–
<b>13.</b>	<b>Sitting fees</b>		
	Dr.Kailash Gupta	1.10	1.00

**Disclosure in respect of transaction 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	2011-12	2010-11
<b>14. Staff cost recovered</b>			
	Premier Wire Products Limited	–	3.21
<b>15. Transport charges paid</b>			
	Ask Consultants Private Limited	<b>9.36</b>	6.96
<b>16. Purchase of materials</b>			
	Premier Wire Products Limited	<b>213.42</b>	181.48
<b>17. Sale of materials</b>			
	Premier Wire Products Limited	<b>6.91</b>	1.52
<b>18. Purchase of assets</b>			
	Premier Wire Products Limited	<b>2.75</b>	–
<b>19. Staff cost reimbursed</b>			
	Premier Wire Products Limited	<b>2.13</b>	–
<b>20. Purchase of spares</b>			
	Premier Wire Products Limited	<b>0.13</b>	–
<b>21. Repayment of loan</b>			
	Premier Wire Products Limited	<b>20.00</b>	–
<b>22. Advances written off</b>			
	Premier Georgia Limited	–	512.15
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	–	188.19
<b>23. Interest receivable written off</b>			
	Premier Georgia Limited	–	139.33
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	–	21.38
<b>24. Technical consultancy charges received</b>			
	VTL Premier Pyrotechnics Limited	–	1.08

**13. Information on leases as per Accounting Standard 19 on 'Accounting for Leases'****Operating lease Income**

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

(Rs. in lakhs)

Name of the Asset	Gross Block	Accumulated Depreciation	Written down value	Depreciation for the year
Plant and machinery	16.73	1.77	14.96	0.79

**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.1.61 lakhs (previous year: Rs.3.46 lakhs)

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

		Year ended 31st March, 2012	Year ended 31st March, 2011
Profit attributable to the equity shareholders (Rs. in lakhs)	(A)	<b>1,194.10</b>	1,001.53
Basic/weighted average number of equity shares outstanding during the year	(B)	<b>81,27,005</b>	81,25,357
Face value of each equity share (Rs.)		<b>10.00</b>	10.00
Earnings per share (Rs.)	(A)/(B)	<b>14.69</b>	12.33

**15. Provision for taxation**

- (i) Provision for current tax has been made based on an estimate of assessable income determined by the company under the Income Tax Act, 1961.
- (ii) The company estimates the deferred tax charge/(credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year.
- The movement of provision for deferred tax is given below

(Rs. in lakhs)

Particulars	Opening as at 1st April, 2011	Charge/(Credit) during the year	Closing as at 31st March, 2012
<b>a) Deferred tax liabilities</b>			
Depreciation	559.02	27.82	<b>586.84</b>
<b>Total (a)</b>	559.02	27.82	<b>586.84</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	84.84	5.09	<b>89.93</b>
Others	–	12.65	<b>12.65</b>
<b>Total (b)</b>	84.84	17.74	<b>102.58</b>
<b>Net (a - b)</b>	474.18	10.08	<b>484.26</b>

**16. Interests in Joint ventures as per 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, 2012
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.13).

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.

**17. Details of raw materials consumed**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Ammonium nitrate	<b>2,413.20</b>	2,115.50
GI wire	<b>199.50</b>	191.13
Aluminium strip	<b>192.68</b>	119.96
Others	<b>2,155.71</b>	1,713.14
Total	<b>4,961.09</b>	4,139.73

**18. Purchase of traded goods**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Detonating fuse	15.50	8.25
Stores, etc.	32.54	14.46
Total	48.04	22.71

**19. Details of sales, closing stock and opening stock****Manufactured goods**

(Rs. in lakhs)

Particulars	Sales 2011-12	Sales 2010-11	Closing inventory 31.03.2012	Closing inventory 31.03.2011	Opening inventory 01.04.2011	Opening inventory 01.04.2010
Industrial explosives	4,243.13	3,891.74	–	–	–	–
Detonators	3,752.56	3,028.17	61.63	58.59	58.59	152.68
Wind power	54.28	49.45	0.57	0.54	0.54	0.56
Others	2,077.58	1,950.60	152.73	21.94	21.94	168.84
Total	10,127.55	8,919.96	214.93	81.07	81.07	322.08

**Traded goods**

(Rs. in lakhs)

Particulars	Sales 2011-12	Sales 2010-11	Closing inventory 31.03.2012	Closing inventory 31.03.2011	Opening inventory 01.04.2011	Opening inventory 01.04.2010
Safety detonating fuse	22.60	8.67	–	–	–	–
Stores, etc.	31.92	14.69	–	–	–	–
Total	54.52	23.36	–	–	–	–

**Services**

(Rs. in lakhs)

Particulars	Sales 2011-12	Sales 2010-11
Operations and maintenance services	1,259.61	1,163.11
Job work and other services	127.50	80.92
Total	1,387.11	1,244.03

**20. Details of work in progress**

(Rs. in lakhs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Industrial explosives	23.17	19.35
Detonators	84.80	80.99
Others	142.54	225.93
Total	250.51	326.27

**21. Value of imports calculated on C.I.F.**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Raw materials	2.65	2.29
Components and spares	4.52	3.78
Traded goods	0.30	–
Capital goods	271.73	25.50
Total	279.20	31.57

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

(Rs. in lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Commission	15.28	21.75
Legal and professional charges	4.25	11.04
Carriage and freight	5.74	50.90
Other expenses	10.54	17.17
Total	35.81	100.86

**23. 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, 2012		Year ended 31st March, 2011	
	Value	%	Value	%
Raw materials				
Imported	2.72	0.05%	2.64	0.06%
Indigenous	4,958.37	99.95%	4,137.09	99.94%
	4,961.09	100.00%	4,139.73	100.00%
Components and spares				
Imported	0.47	0.57%	3.31	3.44%
Indigenous	82.41	99.43%	92.70	96.56%
	82.88	100.00%	96.01	100.00%

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

(Rs. in lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
FOB value of exports	760.25	542.44

Per our report of even date  
For **P. V. R. K. Nageswara Rao & Co.**,  
Chartered Accountants  
Firm's Registration No. 002283S

For and on behalf of the Board

**P. V. R. K. Nageswara Rao**  
Partner  
Membership No.18840

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

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

Secunderabad  
23.05.2012

**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)	:	<input style="width: 200px; height: 20px;" type="text"/>
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

32nd Annual General Meeting, 30th July, 2012 At 11.00 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 30th July, 2012 and at any adjournment thereof.

Signed this ..... day of ..... 2012 Name ..... Address .....



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 20th July, 2012 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.

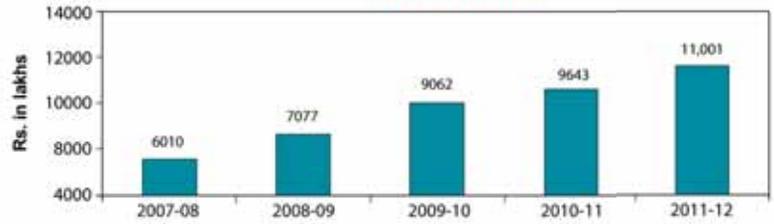


10 years at a glance										
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
(Rs. in lakhs)										
<b>Equity and liabilities</b>										
Share capital	783.91	796.42	810.71	811.61	811.99	812.15	812.27	812.39	812.55	<b>812.70</b>
Reserves and surplus	573.30	618.81	728.35	895.57	1,014.56	1,453.86	1,596.32	2,000.14	2,778.77	<b>3,736.73</b>
Shareholders' funds	1,357.21	1,415.23	1,539.06	1,707.18	1,826.55	2,266.01	2,408.59	2,812.53	3,591.32	<b>4,549.43</b>
Non-current liabilities										
Long-term liabilities and provisions	1,264.02	876.46	1,044.09	2,037.33	1,997.09	773.63	882.66	416.54	312.12	<b>423.27</b>
Deferred tax liability	199.53	322.87	412.06	354.75	410.92	278.62	292.66	415.90	474.18	<b>484.26</b>
Current liabilities	1,545.68	1,819.34	1,958.36	2,655.33	3,635.07	2,739.04	1,691.28	2,239.21	2,279.60	<b>2,350.53</b>
<b>Equity and liabilities</b>	<b>4,366.44</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>Assets</b>										
Non-current assets										
Gross fixed assets	3,455.39	3,500.35	3,534.51	3,764.35	4,940.87	2,794.53	2,978.48	3,635.50	4,124.74	<b>4,620.96</b>
Accumulated depreciation	(1,249.87)	(1,355.78)	(1,307.32)	(1,443.62)	(1,622.82)	(824.64)	(944.16)	(1,089.74)	(1,171.72)	<b>(1,310.14)</b>
Capital work in progress	26.26	66.55	14.13	803.12	3.29	13.51	-	-	26.25	<b>119.53</b>
Unallocated expenditure pending capitalisation	26.58	15.79	5.19	58.81	-	-	-	-	17.48	<b>-</b>
Net fixed assets	2,258.36	2,226.91	2,246.51	3,182.66	3,321.34	1,983.40	2,034.32	2,545.76	2,996.75	<b>3,430.35</b>
Investments	-	-	49.93	33.50	63.99	68.50	103.16	147.53	45.00	<b>45.00</b>
Other non-current assets including long-term loans and advances	45.67	33.95	22.23	10.51	-	-	182.88	375.61	573.54	<b>779.64</b>
Current assets	2,062.41	2,173.04	2,634.90	3,527.92	4,484.30	4,005.40	2,954.83	2,815.28	3,041.93	<b>3,552.50</b>
<b>Assets</b>	<b>4,366.44</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>Revenue</b>										
<b>Total revenue</b>	<b>5,458.80</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>
Profit before depreciation, finance costs, exceptional items and tax	657.02	706.88	696.72	851.01	982.12	856.61	1,548.96	2,340.36	1,807.39	<b>1,908.54</b>
Depreciation	(154.08)	(147.27)	(146.67)	(157.48)	(191.86)	(112.93)	(120.75)	(147.65)	(176.61)	<b>(186.66)</b>
Finance costs	(254.55)	(209.75)	(180.34)	(235.69)	(340.65)	(276.21)	(279.04)	(153.24)	(125.79)	<b>(101.62)</b>
Profit before exceptional items and tax	248.39	349.86	369.71	457.84	449.61	467.47	1,149.17	2,039.47	1,504.99	<b>1,620.26</b>
Exceptional items	(228.31)	-	-	-	-	397.12	(537.01)	(740.97)	-	<b>39.20</b>
Tax	(17.79)	(146.07)	(120.47)	(150.75)	(187.08)	(281.71)	(326.10)	(704.18)	(503.46)	<b>(465.36)</b>
<b>Profit after tax</b>	<b>2.29</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>1,001.53</b>	<b>1,194.10</b>
<b>Per share</b>										
Book value per share - Rs.	16.70	17.41	18.94	21.00	22.47	27.88	29.63	34.60	44.19	<b>55.98</b>
Earnings per share - Rs.	0.03	2.59	3.10	3.78	3.23	7.17	3.52	7.32	12.33	<b>14.69</b>
Dividend per share - Rs.	-	1.20	1.50	1.50	1.50	1.50	1.50	2.00	2.00	<b>2.50</b>
No. of shareholders	7,576	6,855	6,576	8,836	9,985	8,855	8,660	6,911	7,306	<b>6,307</b>

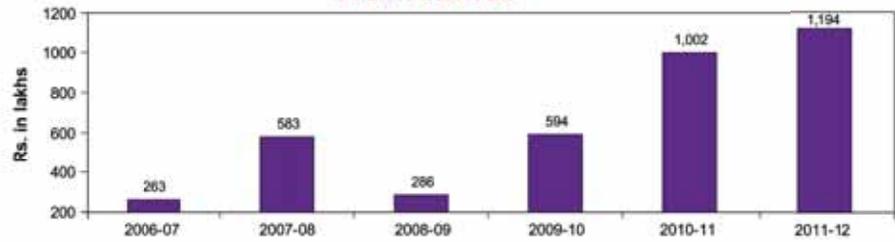
Note: Figures pertaining to 2010-11 and 2011-12 are as per Revised schedule VI.

# Financial Highlights

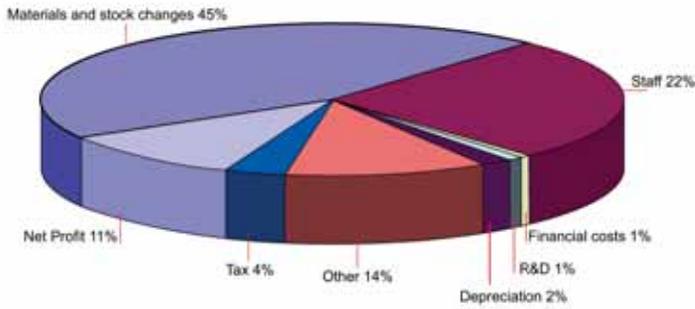
**Total revenue**



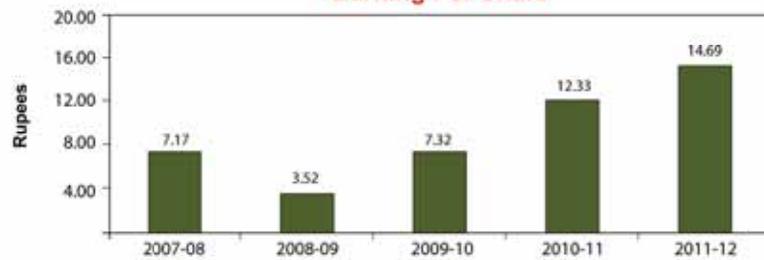
**Profit After Tax**



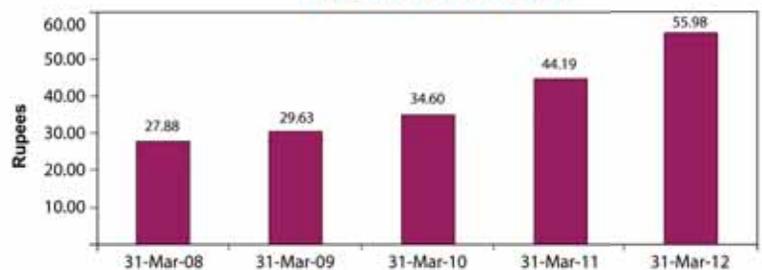
**Income Pie 2011-12**



**Earning Per Share**



**Book Value Per Share**



\* PAT for 2007-08 includes profit on sale of mushroom division of Rs. 397 lakhs.

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