

# **We make in India**



Annual Report  
**2014 - 15**

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## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

# We make in India

Our 35th AGM on September 24, 2015, coincides with the completion of first year of 'Make in India' which was launched on September 25, 2014, 'Make in India' aims to encourage worldwide companies to manufacture their products in India.

'Make in India' focuses on 25 sectors and 'defence manufacturing' is one of them.

Having entered the defence arena way back in 2003, Premier is now poised to benefit from its investments in R&D and product development. With technologically advanced products in its portfolio, today Premier is positioned as a supplier of choice for various defence establishments.

Against the background of the much coveted 'Make in India' initiative, our persistent indigenisation efforts - of developing newer products as well as import substitutes for defence use - are opening up large and long term opportunities for Premier Explosives.



# Chairman's review

*"....We continue to actively seek out new opportunities for growth in the defence arena. With global benchmark abilities to manufacture missile propellant technology we are poised to benefit in the long range both at home and internationally".*

## **Dear Shareholders**

Fiscal 2014-15 was a difficult and demanding year for Premier, but the one that saw many important achievements as well.

Our challenges were in the form of low demand for detonators due to extended monsoon, decreased margins, unhealthy competition, etc. Against this challenging background also your company achieved a slight increase in its revenue at INR 1502 million as against 1468 million in the previous year. However, for the reasons mentioned above the EBITDA decreased to INR 133 mn from INR 177 million a year ago.

With a majority government at helm of affairs and increased thrust on fast forwarding the economic growth, we expect the mining and infrastructure sector to pick up momentum. This is expected to help commercial explosives business, including detonators and other accessories, over the next 18 to 24 months.

## **Strategic focus**

With creation of surplus capacities, commercial explosives have been commoditised offering unfavourable risk-reward ratio. As a de-risking measure your company has been working with an ongoing strategic focus - a strategy is rooted in our legacy as a company building niche markets like shock tubes earlier and high energy materials for defence use now.

I firmly believe that the path will lead all our stakeholders to greater prosperity in the coming years.

## **Leadership and governance**

During the year under review, Mr. K. Chalil had retired as Director Marketing after serving the company for more than two decades. I wish to place on record our appreciation for his contribution towards success of your company. Your Board has appointed Col. Vikram Mahajan (Retd.) as Director Marketing. He has been serving the company as President – Business Development and comes with over 27 years of working with army.

With the help of professionals, we have been striving to meet all the requirements of new companies act and SEBI regulations.

## **Corporate social responsibility**

We appreciate the new law on CSR activities and your company had taken health care of older persons as the main objective. Accordingly we have engaged Helpage India for serving the disadvantaged senior citizens. A team of mobile medical unit has been visiting the villages and providing medical consultancy and pharmaceuticals free of cost at the doorstep of the needy. Our other CSR activities included support to education, welfare of armed forces veterans, etc.

## **Awards and recognitions**

Premier has been receiving accolades for the company's innovations, business performance and strategic initiatives.

I am pleased to inform you that as Chairman & Managing Director of the Company I have been given Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category.

### OUTLOOK

We continue to actively seek out new opportunities for growth in the defence arena. With global benchmark abilities to manufacture missile propellants we are poised to reap the opportunities both at home and internationally. In addition, it is worth noting that your company remains the only supplier of solid propellants in the private sector.

To further leverage on our capabilities and to derive advantage from scale, your company and Kalyani Strategic Systems Limited of Kalyani / Bharat Forge group have formed a joint venture company, BF Premier Energy Systems Private Limited, on March 9, 2015 for manufacture of defence products. This company is expected to utilize synergic expertise in explosive making and metal manufacturing of the partners to offer finished products to defence forces.

The much awaited Make in India Initiatives is taking momentum in defence sector. During the last one year, the Department of Industrial Policy & Promotion (DIPP) had issued 73 industrial licenses in defence sector, which were pending for the last several years.

I am happy to state that your company also received licenses for manufacture of 13 products including warheads, ammunition, bombs and other such products. These licenses now give us a great leeway. Currently we are working for technology collaborations as well as preparing drawings for statutory approvals.

India is poised to build a vibrant local Defence ecosystem that could support both domestic and export demand resulting in material benefit to the industry and the nation. To conclude, I would say the demand for defence products is satisfactory and the company is positive on the sector prospects.

We wish to offer a heartfelt thank you to all of our stakeholders who have contributed to our success.

Sincerely

**Dr. A. N Gupta**

Chairman & Managing Director





# Premier's competitive advantage

Among very few Indian companies who have been innovating and manufacturing with the indigenous technology a decade before the "Make in India" campaign

Premier has a successful track record of commercializing various technologies developed by prestigious defence research institutions in India

Company's R&D is first in the world in commercial scale production of detonators based on Nickel Hydrazine Nitrate as primary charge, which is safer and greener than conventional alternative

Run by technocrats having hands on experience in manufacturing high energy materials for defence and commercial applications

Supplier to India's prestigious missile programmes like Akash, Astra, and LRSAM

Ability to capitalise on the opportunities emerging from country's defence indigenization

# Q & A with Executive Director



**T.V Chowdary**  
Executive Director

## On performance in FY15

Performance during the year has been a mixed bag. While we could further consolidate in the defence products, the commercial explosives business remained subdued with low demand and pressure on margins.

During the year we have made further progress in manufacturing and supplying solid propellants, but overall revenue from defence products remained static due to decreased orders for other products in this group. However, we have been continuously strengthening our unique status as the leading supplier of defence products.

Our services contract with Solid Fuel Complex (SFC) of Advanced Systems Laboratory at Jagdalpur has been renewed for another five years.

## Key strategies

While we are already ahead of our peers in explosives technology and we are preparing to enlarge the domestic and global markets. Increasing our capabilities and operational leverage in the defence manufacturing continue to be our key strategy. These strategies also encompass cost optimization, manpower rationalization, exploring global sources for important raw materials and aggressive marketing.

## Roadmap for FY16 and beyond

During the first quarter there has been improvement in revenue and EBIDTA, but the net result was negative due to onetime voluntary retirement compensation for some of our employees at our Peddakandukuru plant. We will work hard to make up this loss in the coming quarters and achieve net positive yearly result.

Going forward, we are expecting the DIPP approval for two licenses which will further boost the prospects to increase our product portfolio in the next 2-3 years.

Akash Weapon System was formally inducted into Indian Army (IA) on May 5, 2015 and Indian Air Force (IAF) on July 10, 2015. Two regiments of IA and 8 squadrons of IAF are targeted for deployment.

After the first test in Israel during November 2014, LRSAM is expected to be test fired in India during October 2015.

With the above we are confident that our revenue from solid propellants will increase over a period of time.

We also aim to add new offerings within missile supplies and also to work for offset opportunities.

Another important agenda for the coming couple of years would be transforming the newly received licenses into production plants and revenue generation.



# Corporate information

Established in 1980, and founded by Dr.A.N.Gupta, a Gold Medallist in Mining Engineering, Premier has the honour of being the first to set up a manufacturing unit with totally indigenous commercial explosive technology.

Premier is also the first private sector manufacturer in India to develop and supply solid propellants to country's prestigious missile Programmes.

## Mission

Become a global player in quality formulations of high energy materials in a safe, green and economical way through an employee empowered organization.

## Vision

We envisage to be a global leader in our segment through relentless research and development of knowledge-based products for defence applications, mines, infrastructure and allied sectors.

## Board of Directors

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

**T.V.Chowdary** ( Executive Director)

**Dr. N.V.Srinivasa Rao** (Director Production)

**Col. Vikram Mahajan** (Director Marketing)

**Dr. (Mrs) Kailash Gupta**

**Anilkumar Mehta**

**P.R.Tripathi**

**Dr. A.Venkataraman**

**K.Rama Rao**

**Arun Kapoor**

## People

Premier's workforce consists of 1173 number of people across its locations.

## Sectors we serve

Company's products are consumed by defence, mining, and infrastructure sectors.

## Our facilities

Premier has 6 manufacturing facilities located in MP, Maharashtra, TN & Telangana.



Revenue (FY15)  
**Rs.1495**  
million

#### Audit Committee

**P.R.Tripathi** (Chairman)  
**Anilkumar Mehta**  
**K.Rama Rao**  
**Arun Kapoor**

#### Stakeholders Relationship Committee

**Anilkumar Mehta** (Chairman)  
**T.V.Chowdary**  
**Dr. (Mrs.) Kailash Gupta**

#### Nomination & Remuneration Committee

**P.R.Tripathi** (Chairman)  
**Anilkumar Mehta**  
**K.Rama Rao**

#### Corporate Social Responsibility Committee

**P.R.Tripathi** (Chairman)  
**Dr. (Mrs.) Kailash Gupta**  
**T.V.Chowdary**

#### Company Secretary & Compliance Officer

**Vijayashree K.**

#### Chief Financial Officer

**C. Subba Rao**

#### Independent Auditors

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

#### Internal Auditors

**M. Venkata Ratnam & Associates**  
Chartered Accountants, Hyderabad

#### Cost Auditors

**S. S. Zanwar & Associates**  
Cost Accountants, Hyderabad

#### Secretarial Auditors

**K.V.Chalama Reddy**  
Company Secretary, Hyderabad

#### Bankers

State Bank of India  
HDFC Bank  
Yes Bank

#### Registrars and Share Transfer Agents

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

#### Corporate Identification Number

**L24 110TG 1980 PLC 002633**

#### Plants

*Detonator, Detonating fuse, Packaged explosives, product research & special products divisions*  
*Peddakandukuru (Telangana)*

#### Bulk explosives divisions

*Manuguru (Telangana)*  
*Godavarikhani (Telangana)*  
*Singrauli (Madhya Pradesh)*  
*Chandrapur (Maharashtra)*  
*Neyveli (Tamilnadu)*

#### Windmill

*Pushpathur (Tamilnadu)*

#### Listing

*BSE Ltd (BSE)*

#### O&M Services

ISRO, Sriharikota, AP  
SFC, Jagdalpur, Chattisgarh

#### Defence Products

Solid propellants  
Tear gas grenades  
Explosive bolts  
Pyro actuators  
Smoke markers

#### Commercial Explosives

Bulk explosives  
Packaged explosives  
Cast booster  
Emulsion booster  
Detonators  
Detonating fuse

## Ten years at a glance

(₹ in lakhs)

Statement of Profit and Loss	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total revenue	7,138.17	6,956.46	6,009.62	7,077.37	9,062.44	9,642.69	11,001.42	11,145.82	14,681.05	15,023.20
EBIDTA	851.01	982.12	856.61	1,548.96	2,340.36	1,821.80	1,908.54	1,175.04	1,766.87	1,328.38
Depreciation	(157.48)	(191.86)	(112.93)	(120.75)	(147.65)	(176.61)	(186.66)	(214.50)	(235.22)	(330.07)
Finance costs	(235.69)	(340.65)	(276.21)	(279.04)	(153.24)	(140.21)	(101.62)	(179.89)	(236.15)	(236.08)
Profit before exceptional items and tax	457.84	449.61	467.47	1,149.17	2,039.47	1,504.98	1,620.26	780.65	1,295.50	762.23
Exceptional items	-	-	397.12	(537.01)	(740.97)	-	39.20	(37.06)	-	-
Profit before tax	457.84	449.61	864.59	612.16	1,298.50	1,504.98	1,659.46	743.59	1,295.50	762.23
Tax	(150.75)	(187.08)	(281.71)	(326.10)	(704.18)	(503.46)	(465.36)	(209.67)	(374.19)	(230.18)
Profit after tax	307.09	262.53	582.88	286.06	594.32	1,001.52	1,194.10	533.92	921.31	532.05
EBIDTA / Revenue	11.9%	14.1%	14.3%	21.9%	25.8%	18.9%	17.3%	10.5%	12.0%	8.8%
PBT / Revenue	6.4%	6.5%	14.4%	8.6%	14.3%	15.6%	15.1%	6.7%	8.8%	5.1%
PAT / Revenue	4.3%	3.8%	9.7%	4.0%	6.6%	10.4%	10.9%	4.8%	6.3%	3.5%

Balance sheet	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Share capital	811.61	811.99	812.15	812.27	812.39	812.55	812.70	812.75	835.86	885.86
Reserves and surplus	895.57	1,014.56	1,453.86	1,596.32	2,000.14	2,778.77	3,736.73	4,032.93	4,809.80	5,305.00
Share warrants									77.21	-
Networth	1,707.18	1,826.55	2,266.01	2,408.59	2,812.53	3,591.32	4,549.43	4,845.68	5,722.87	6,190.86
Non-current liabilities										
Long-term liabilities and provisions	2,037.33	1,997.09	773.63	882.66	416.54	312.12	423.27	593.29	515.10	316.02
Deferred tax liability	354.75	410.92	278.62	292.66	415.90	474.18	484.26	562.56	638.59	587.27
Current liabilities	2,655.33	3,635.07	2,739.04	1,691.28	2,239.21	2,279.60	2,350.53	2,988.94	3,856.28	4,232.30
Total liabilities	6,754.59	7,869.63	6,057.30	5,275.19	5,884.18	6,657.22	7,807.49	8,990.47	10,732.84	11,326.45
Non-current assets										
Gross fixed assets	3,764.35	4,940.87	2,794.53	2,978.48	3,635.50	4,124.74	4,620.96	5,207.03	5,790.31	6,188.84
Accumulated depreciation	(1,443.62)	(1,622.82)	(824.64)	(944.16)	(1,089.74)	(1,171.72)	(1,310.14)	(1,449.81)	(1,675.68)	(2,090.47)
Capital work in progress	803.12	3.29	13.51	-	-	26.25	119.53	91.69	166.17	41.40
Unallocated expenditure pending capitalisation	58.81	-	-	-	-	17.48	-	-	-	-
Net fixed assets	3,182.66	3,321.34	1,983.40	2,034.32	2,545.76	2,996.75	3,430.35	3,848.91	4,280.80	4,139.77
Investments	33.50	63.99	68.50	103.16	147.53	45.00	45.00	520.00	520.00	520.00
Other non-current assets	10.51		182.88	375.61	573.54	828.86	548.48	407.87	329.93	
Current assets	3,527.92	4,484.30	4,005.40	2,954.83	2,815.28	3,041.93	3,503.28	4,073.08	5,524.17	6,336.75
Total assets	6,754.59	7,869.63	6,057.30	5,275.19	5,884.18	6,657.22	7,807.49	8,990.47	10,732.84	11,326.45
Return on capital employed	16.9%	18.7%	34.4%	24.9%	39.8%	37.6%	32.3%	15.4%	22.3%	14.1%
Return on networth	18.0%	14.4%	25.7%	11.9%	21.1%	27.9%	26.2%	11.0%	16.1%	8.6%
Debt / equity	1.40	1.32	0.46	0.49	0.30	0.22	0.20	0.24	0.20	0.15
Current ratio	1.33	1.23	1.46	1.75	1.26	1.33	1.49	1.36	1.43	1.50

Per share	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Book value per share - Rs.	21.00	22.47	27.88	29.63	34.60	44.19	55.98	59.62	67.54	69.89
Earnings per share - Rs.	3.78	3.23	7.17	3.52	7.32	12.33	14.69	6.57	11.25	6.10
Dividend per share - Rs.	1.50	1.50	1.50	1.50	2.00	2.00	2.50	2.50	2.70	2.00
No. of shareholders	8,836	9,985	8,855	8,660	6,911	7,306	6,307	6,135	5,895	8,811

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

# Corporate social responsibility



## Other CSR activities

- Scholarships to students
- Support to schools
- Support for education of tribal orphan girls
- Support to research students
- Donation to Army Central Welfare Fund
- Donation to Prime Minister's Relief Fund



**As part of the company's CSR plan, the management identified rural health care for elderly people as the key CSR initiative.**

For education and employment, youth from the rural households have been migrating to urban areas. Due to sentimental and economical reasons, elderly people are mostly confined to villages where lack of basic amenities like health care is a major concern.

Realising the plight of the elderly people in the villages surrounding our factory at Peddakandukuru village, the management has engaged Helpage India, a reputed NGO serving the disadvantaged older persons.

In March, 2014 the NGO conducted a baseline survey outlining the older persons, their gender mix, general economic conditions, health problems, available medical facilities, etc. After the survey, they have proposed deployment of one mobile medical unit (MMU) to provide basic medical care at the door steps of the needy.

The MMU was launched in June 2014 and since then the MMU team has been visiting the villages five days a week providing medical advice as well as medicines.

## Annual CSR Spend

**MMU Rs.21.19 lakhs**  
**Others Rs.8.51 lakhs**

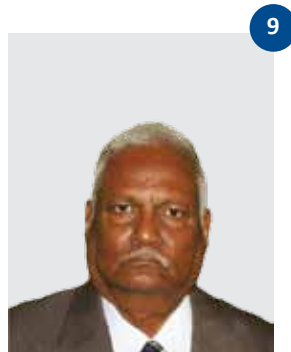
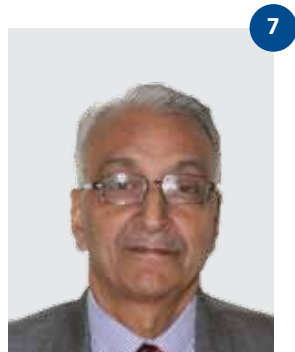
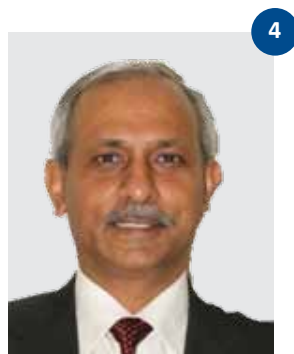
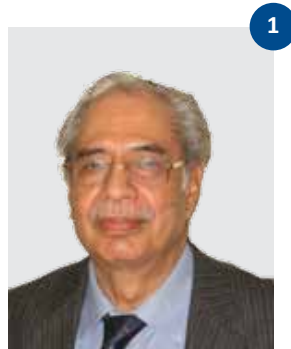
## No of families served

**1142**

## Number of treatments

**14306**

# Board of directors



1

## **Dr. A.N.Gupta**

*Chairman & Managing Director*

Having earned his Master's degree in mining engineering, he has developed a penchant for learning and R&D. He has actively involved himself in product development projects of defence, new products and processes. A recipient of 'Pickering and ISM Medal' from, Indian School of Mines, Dhanbad and Gold Medalist from Mining Geological and Metallurgical Institute of India. 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. He has been given Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category.

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. 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.

**2 T.V.Chowdary***Executive Director*

A chemical engineer with over 33 years of experience in production of explosives, detonator, petrochemicals, coal tar pitches & enamels, mushrooms and solid propellants. Having project execution as his forte, he is excellent in HR management and is a steadfast trouble-shooter.

**3 Dr. N.V.Srinivasa Rao***Director Production*

He is a doctorate in chemistry with over 30 years of experience in the field of explosives & accessories and chemicals. He has published about 35 papers in various national and international journals. He is a member of High Energy Materials Society of India and also a Governing Body member there. HR management and is a steadfast trouble-shooter.

**4 Col. Vikram Mahajan (Retd.)***Director*

27 years of working with army, he holds an M.Tech & MBA in marketing. He has extensive knowledge about opportunities in defence sector.

**5 Dr. (Mrs.) Kailash Gupta***Non-Executive Director (promoter)*

She is a doctor by profession and also has rich experience in the industry. She is involved in various social and philanthropic activities especially in healthcare.

**6 Anil Kumar Mehta***Independent Director*

An FCA, 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.

**7 P.R.Tripathi***Independent Director*

Former CMD of National Mineral Development Corporation Limited, holding fellowships of Institution of Engineers (India) and AIMA. He has been involved in the development of mineral industry of India. He also held various positions in Federation of Indian Mineral Industries (FIMI) and retired as its President in 2003.

**8 Dr. A.Venkataraman***Independent Director*

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. 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 has authored around 100 articles and research papers in reputed national and international research journals. He has three patents filed to his credit.

**9 K.Ramarao***Independent Director*

35 years in technology development, he retired as Associate Director of DRDL. Was responsible for the design and development of all IGDMP Projects as well as for setting up of infrastructure in the field of missile structure. Received Sir Mokshagundam Visweswarayya Award for the Best Engineer from the Institute of Engineers, Kolkata; Best Invention Award from NRDC, Govt of India, Best Scientist of DRDO and many others. He holds a Masters in Aeronautics from Cranfield, U.K

**10 Arun Kapoor***Independent Director*

Fellow member of ICAI and a practicing CA since 1979. As a partner of Uberoi Sood & Kapoor, New Delhi, he has been providing audit services, project finance, corporate affairs, taxation, valuations, due diligence reviews.

# Senior management team



## Sitting L - R

C.Subba Rao – CFO  
T.V Chowdary – Executive Director  
Dr.A.N Gupta – Chairman & Managing Director  
Dr.N.V.Srinivasa Rao – Director (Production)  
Col. Vikram Mahajan (Retd.) – Director (Marketing)

## Standing L - R

Y. Durga Prasad – President (Production)  
K. Vijayashree – Company Secretary  
Y. Krishna Rao – Vice President (Accounts)



## Management discussion & analysis

### 1. Macroeconomic review

Indian GDP grew at 7.3% in 2014-15 as against 6.9% in 2013-14. While industrial sector grew by 5.9% and services sector by 10.6%, agricultural sector slipped by 1.1% mainly on account of erratic monsoon.

Aided by lower fuel prices, inflation in March 2015 declined to 5.25% from 6.88% in March 2014.

Due to El Nino weather patterns, monsoon rains are forecast at 88% of long period average. This is a concern as Indian economy is still largely dependent upon agriculture.

However, increase in Government's capex by 38% in 1<sup>st</sup> quarter of 2015-16 and decline in fiscal deficit for the first quarter to 51.6% from 56.1% a year ago keep the optimism growing.

### 2. Demand drivers for company's products

Demand for your company's products is driven by two key industries: defence and mining / infrastructure.

#### A. Defence sector

##### a) Overview of defence opportunity

The first full year budget of the new government for the year 2015-16 allocated ₹ 2,46,727 crore (US\$ 40.4 billion) for defence, which amounts to a 7.7% increase over the previous year's amount.

Some of the key developments of the sector are:

- + Streamlining the offset clause towards 'acquire state-of-the-art technology and skills' is expected in the proposed changes to Defence Procurement Procedure
- + With 'Make India' initiative, India targets to reduce dependence on import of defence items
- + Increase of FDI limit in defence from 26% to 49% is expected to yield results in the coming months
- + Creation level playing field in defence sector by withdrawing excise and customs exemptions hitherto enjoyed by the public sector units
- Widening gap between MoD's resource projection and allocation
- Comparatively less spend on defence R&D on a global benchmark

##### b) Potential in missiles

Delivering a lecture on 'Trends in missile technology' at the CSIR-IICT-Hyderabad on

August 2, 2015, Dr. G. Satheesh Reddy, Scientific Advisor to the Defence Minister said

"Till 1988, we did not have even a single indigenous missile. When Dr. Kalam became the director of the DRDL, he took up the responsibility of developing five missiles simultaneously and today, because of Missile Man Kalam, we have several missiles..."

Above excerpt highlights the importance of indigenisation of missile programs and your company takes pride in being a part of this initiative.

Recent developments in missile manufacturing:

- Bharat Dynamics Limited, a public sector unit engaged in missile integration, is expected to ramp up its missile production facility at Hyderabad
- The Long Range Surface Air Missile (LRSAM) is being co-developed by India and Israel and had already been successfully flight-tested against a flying target in Israel in November 2014. Also known as Barak-8, this missile is expected to be test-fired in India in October 2015.
- India has applied for the membership of Missile Technology Control Regime (MTCR), an elite club of 34 countries that controls trade in missile and space technology. India's membership in the club may be considered at MTCR's plenary due in September-October 2015.
- Government has asked the Defence Research and Development Organisation (DRDO) to engage with the French firm MBDA missile systems for development of short-range surface-to-air missile system (SRSAM), to revive the \$5 billion SRSAM programme 'Maitri'.
- There have been reports that the defence ministry is set to clear a ₹ 5,000 crore procurement of 'Made in India' Akash missile systems.
- In March 2015, India successfully tested its indigenously developed Beyond Visual Range (BVR) air-to-air missile, Astra, by launching it from a Sukhoi-30 fighter aircraft.
- The trials of Pinaka mark-II missile-cum-multi barrel rocket launcher system were



successfully conducted at Pokhran field firing ranges in May 2015.

c) New licenses

Your company received industrial licenses for various products like ammunition, military fuzes, bombs, rockets and missiles, etc.

Technology for manufacture of these products is critical and your company is weighing various options available in India and abroad.

d) Well prepared to reap the opportunities

Your company has foreseen these opportunities long time back and has been investing in manufacturing facilities. Your company also acquired more than 200 acres of land about 90 km from Hyderabad which would be utilised as a Greenfield project site for the upcoming products.

**B. Mining / infrastructure**

a) Coal mining

Coal mining is the main demand driver for explosives.

Geological Survey of India has estimated the coal reserves of 301.56 billion tonnes as on April 1<sup>st</sup> 2014, mainly in Jharkhand, Odisha, Chhattisgarh, West Bengal, Madhya Pradesh, Telangana and Maharashtra.

In 2014-15, production of coal by Coal India Limited stands at 494.23 million tonnes, 3% less than its output target of 507 million tonnes. However, it is more than its 2013-14 production of 462.53 million tonnes, an increase of 6.92% over the previous year. The target for the financial year 2015-16 is 550 million tonnes.

The government targets producing 1.5 billion tonnes of coal by 2019-20 - 1 billion tonnes from Coal India and 500 million tonnes from private sector coal miners.

Clearing the mess in previous allocation of coal mines, in January to March, 2015, the Government auctioned 28 coal mines to companies in the power, steel and cement sectors and allotted 27 mines to government-run power firms. Most of the auctioned mines are in "ready to produce" status, and the stakeholders, including explosives manufacturers, are looking forward to restarting of these mines..

b) Mines and Minerals (Development and Regulation) Amendment Act, 2015

The amendments, passed by Parliament in

March, 2015, to the act of 1957 include:

- Mining licence now valid for 50 years, as against 20 to 30 previously
- No renewal of mining licenses now, it is through auctions
- Grant of prospecting licence-cum-mining leases in one go instead of in two stages
- Increase in the mining area, instead of granting additional leases
- Licenses are transferable now
- National Mineral Exploration Trust to be set up for regional and pan-India planning

Above amendments are expected to ensure transparency in allocation of mines.

c) Infrastructure

The infrastructure and construction sector remained stressed in FY15 with delays in land acquisition, approvals, payments, etc. Struggling with liquidity crunch the industry had resorted to asset sale, stake sale in subsidiaries, equity dilution and other such measures.

However, the sector is likely to emerge out of the difficult phase partly on account of the gradual economic recovery expected in FY16. The Government's initiatives like easing of FDI norms in construction sector and promotion of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) also are expected to help reviving the infrastructure sector.

d) Indian explosives industry

The Indian market of civil explosives is pegged at around 8,00,000 tonnes. Including accessories, total market size is expected at about ₹ 3,000 to ₹ 3,500 crores annually. This accounts for around 5% of the global civil explosive consumption.

Production of explosives in India

Year	Production (tons)
2010-11	5,43,477
2011-12	7,22,021
2012-13	7,66,524
2013-14	7,89,877
2014-15 (till Dec 2014)	6,70,505

source: [http://dipp.nic.in/English/Publications/Annual\\_Reports/AnnualReport\\_Eng\\_2014-15.pdf](http://dipp.nic.in/English/Publications/Annual_Reports/AnnualReport_Eng_2014-15.pdf)

Demand for explosives and accessories is concentrated in few large mining companies and there are many of manufacturers of explosives and accessories. Consequently, the competition grew very severe and prices have been falling drastically. The industry has been feeling the prices are not commensurate with the risk it is exposed to and with the elaborate regulatory procedures it has to comply with.

### 3. Outlook

Your company has been participating in various tenders floated by mining companies and defence agencies.

In July 2015, your company has received a two-year supply contract for bulk explosives.

Your company also received contract for supply of sustainer grains from a prestigious missile program, for which booster grains are already being supplied.

Operations and maintenance contract with Solid Fuel Complex of Advanced Systems Laboratory at Jagdalpur has been renewed for a further period of five years.

Your company is working for higher revenues from defence products by increasing the volumes of existing products and by setting up manufacturing facilities for the new items for which industrial licenses have been received.

Subject to any unforeseen developments, your directors are confident achieving an improved performance in 2015-16 and beyond.

### 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. 29.2.13 'Segment reporting'.

### 5. Financial analysis

Generally accepted accounting principles:

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, 2013.

Performance:

Current year's net turnover at ₹ 14899 lakhs is 3% higher compared to last year's ₹ 14471 lakhs. Profit after tax at ₹ 532 lakhs is 42% lower than previous year's ₹ 921 lakhs.

Performance has been mainly affected by lower prices for some of the products. Other reasons include higher raw material prices which could not be absorbed, higher depreciation upon revising the useful lives of fixed assets in accordance with the new law and other factors

With falling prices of crude, cost of some of raw materials and transportation are expected to come down and improve future profitability.

Financial position:

Particulars	31.03.15	31.03.14
Equity	885.86	835.86
Reserves	5305.00	4809.80
<b>Net worth</b>	<b>6190.86</b>	<b>5645.66</b>
Book value per share - ₹	69.89	67.54
Long term borrowings	62.50	286.32
Debt equity ratio	0.01:1	0.05:1
Gross block	6188.84	5790.31
Fixed assets turnover ratio	2.41	2.50
Current assets	6336.75	5524.17
Current liabilities	4232.30	3856.28
Current ratio	1.50	1.43

Share capital and reserves have gone up by increase in share equity share capital raised at a premium and profit for the year net of dividends and tax thereon.

Upon repayment of deposits, debt equity ratio improved from 0.05 to 0.01.

Capex during the year was mainly towards balancing equipment to streamline capacities for production of solid propellants, land development at new site, purchase of other machinery and equipment, etc.

Defence business has been requiring higher inventories and receivables leading to overall increase in current assets which have been funded by working capital borrowing from banks. Nevertheless, current ratio has improved from 1.43 to 1.50, helped by infusion of additional equity share capital at a premium.

### 6. Risk management

Your company recognizes Risk Management as a very important part of business and has kept in place necessary policies, procedures and mechanisms. The company proactively identifies monitors and takes precautionary and mitigation measures in respect of various risks that threaten the operations and resources of the company, which include the following:

Risk	Description	Mitigation
<b>Project risk</b>	The company has been executing various projects for enhancement of capacity as well as establishment of manufacturing facilities for new products.  These capital projects may be exposed to time and cost overruns.	To mitigate these risks, the technocrat management developed in-house design of equipment to the extent possible.  The management also closely follows up the execution of projects to meet the deadlines.  Further, the conservative approach of lower dependence on borrowings helps in containing financial cost of the projects.
<b>Market and competition risk</b>	Commercial explosives business is linked to mining and infrastructure activity which have not been faring well in recent times.  Further, there has been intensive competition in the industry with entry of new units.	To mitigate this risk, the company is diversifying its product portfolio by developing new products and exploring new markets including export markets.
<b>Safety risks</b>	Both raw materials and finished goods are high risk items during production and handling. The company gives utmost priority for the safety of its employees as well as the manufacturing assets.	Apart from strict adherence to mandatory safety measures, the company has developed an alternative chemical compound as primary explosive in production of detonators. This alternative chemical is less sensitive to friction and hence is safer than its traditional counterpart.
<b>Raw material price risks</b>	Ammonium nitrate and fuel oil forms major part of raw materials in manufacture of explosives and those raw material prices are influenced by international dynamics as there only few domestic manufacturers.	This risk is mitigated by price escalation clauses in supply contracts whereby selling prices are periodically adjusted for the changes in prices of those two raw materials.  As such risk absorption clauses are not available in supply of other products, the company takes all efforts to control the overall cost of manufacture.

## 7. Internal control systems and their adequacy

Your company has in place adequate internal financial controls.

Your company has been utilising an ERP system for recording all financial transactions with built in checks and balances. This has been helping in preparation of financial statements and other reports accurately, reliably and timely.

Management reviews the operations on a regular basis.

Independent auditors, internal auditors, cost auditors and secretarial auditors verify financial and other information from their respective angles on intervals as are required.

Board and its committees review the quarterly and annual financial statements in conjunction with the financial policies, assurances through auditors' observations and management responses and certifications.

Based on the above measures your company is confident that internal controls are in place, they are adequate and are reasonably working.

## 8. Material developments in human resources / industrial relations including number of employees

Your company has 1,173 employees as on 31<sup>st</sup> March, 2015. Relations between the management and employees have been cordial. Employees have been imparted training in their respective areas for better performance. The management acknowledges the contributions made by each and every employee and records its appreciation for the cooperation extended by them at all levels.

For and on behalf of the Board

Secunderabad  
11.08.2015

Dr. A.N. Gupta  
Chairman & Managing Director

## Notice of the 35<sup>th</sup> Annual General Meeting

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting of Premier Explosives Limited will be held at Surana Udyog Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabad-500004 on Thursday, 24<sup>th</sup> of September, 2015 at 9.30 a.m to transact the following business.

### Ordinary business

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> of March, 2015 including the audited Balance sheet as at 31<sup>st</sup> of March, 2015, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors' thereon
2. To declare Dividend for the year 2014-15
3. To appoint a director in place of Dr. N. V. Srinivasa Rao (DIN No.01359537), who retires by rotation and being eligible offers himself for re-appointment
4. Appointment of Auditors

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made there under, and pursuant to the resolution passed by the members at the 34<sup>th</sup> Annual General Meeting held on 13<sup>th</sup> of August, 2014, the appointment of M/s. P. V. R. K. Nageswara Rao & Co., Chartered Accountants (Firm's Registration Number:002283S) as the Auditors of the Company to hold office till the conclusion of the 39<sup>th</sup> AGM to be held in the year, 2015, be and is hereby ratified and the Board of Directors be authorized to fix the remuneration of the Auditors plus service tax and out of pocket expenses as may be agreed upon between the Auditors and the Board."

### Special business

5. **Waiver of recovery of excess managerial remuneration paid to Dr. Amar Nath Gupta, Chairman and Managing director for the period from 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015**

To consider and if thought fit, to pass with or without modification the following resolution as Special resolution:

**"RESOLVED THAT** pursuant to Section 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and subject to such other approvals as may be required,

approval of the Members be and is hereby accorded to the Board of Directors of the Company to ratify and confirm the waiver of the recovery of excess remuneration paid, over and above the limits prescribed under the provisions of Section 197 read with Schedule V of the Companies Act, 2013 and within the limits as approved by the Shareholders in their 33<sup>rd</sup> Annual General Meeting held on 8<sup>th</sup> August, 2013, amounting to ₹ 40,90,981/- paid to Dr. Amar Nath Gupta, Chairman and Managing Director [DIN: 00053985], during the year 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015.

**RESOLVED FURTHER THAT** notwithstanding that such remuneration paid exceeded the limits prescribed in terms of Section II (A) of Part II of Schedule V of the Companies Act, 2013, on account of the Inadequacy of Profits by the Company, approval of the shareholders be and is hereby accorded to the Company for not recovering the excess remuneration paid to Dr. Amar Nath Gupta, Chairman and Managing Director [DIN: 00053985], for the Financial Year 2014-2015, subject to the approval of the Government of India in terms of Sections 197 of the Companies Act, 2013, and that such excess remuneration paid shall be held in trust for the Company until such time that the approval of the Government of India is received by the Company.

**RESOLVED FURTHER THAT** subject to approval of the Central Government, excess managerial remuneration of ₹ 40,90,981/- paid to Dr. Amar Nath Gupta [DIN: 00053985], Chairman and Managing Director, during the year 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 be and is hereby approved.

**RESOLVED FURTHER THAT** Dr. Amar Nath Gupta, [DIN: 00053985], Chairman and Managing Director, Mr. T.V. Chowdary [DIN: 00054220], Executive Director and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, things, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution in this regard."

6. **Approval for continuation of employment of Dr. Amar Nath Gupta, as the Chairman and Managing Director for the period from 14<sup>th</sup> April, 2015 to 13<sup>th</sup> February, 2016**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special resolution:

**"RESOLVED THAT** pursuant to provisions of Section 196(3) (a) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force), read with

## Notice of the 35<sup>th</sup> Annual General Meeting

Schedule V to the Companies Act, 2013 and Articles of Association of the Company, consent of the shareholders of the Company be and is hereby accorded for Dr. Amar Nath Gupta [DIN: 00053985] who has attained the age of 70 years on 14<sup>th</sup> April, 2015, to continue in employment of the Company as the Chairman and Managing Director of the Company for the remaining period of the existing tenure i.e. 14<sup>th</sup> April, 2015 to 13<sup>th</sup> February, 2016.

**RESOLVED FURTHER THAT** the Dr. Amar Nath Gupta, [DIN: 00053985], Chairman and Managing Director, Mr. T.V. Chowdary [DIN: 00054220], Executive Director and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, things, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution in this regard."

### 7. **Re-appointment of Dr. Amar Nath Gupta as Chairman and Managing Director of the Company**

To consider and if thought fit, to pass with or without modification(s) the following resolution as Special resolution:

**"RESOLEVED THAT** pursuant to provisions of Section 196, 197, 203 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force ), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to approval of Central Government, if any, consent of the shareholders of the Company be and is hereby accorded to re-appoint Dr. Amar Nath Gupta [DIN: 00053985] as the Chairman and Managing Director of the Company (who has crossed 70 years age) for a period of 3 years with effect from 14<sup>th</sup> February, 2016 on the following terms and conditions:

#### 1. **Salary**

Basic Salary of ₹ 8,05,000/- (Rupees Eight Lakhs Five Thousand only) per month with an annual increment of 15% rounded off to nearest ₹ 100 due on 1<sup>st</sup> April every year.

#### 2. **Perquisites and allowances**

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

1. Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.

2. 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 196, 197 and Schedule V annexed to the Companies Act, 2013.

3. 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 the rules of the company.
4. Leave travel concession for self and family once in a year to the extent of one month basic salary.
5. Club fees (Maximum 2 clubs)
6. Medi claim and Personal accident insurance as per rules of the company.

### 3. **Other benefits**

1. Company's contribution towards Provident Fund.
2. Leave encashment at the end of tenure as per rules of the company.

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

3. Use of company car with driver & telephone at residence for official purposes.

### 4. **Minimum remuneration**

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

### 5. **Commission**

In addition to the salary, commission will be paid @ 1.5 % P.a. of the Net Profits calculated in accordance with Section 198 of Companies Act, 2013.

**RESOLVED FURTHER THAT** in case of inadequacy or absence of profits in any financial year, Dr. Amar Nath Gupta, Chairman and Managing Director [DIN: 00053985], shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.



## Notice of the 35<sup>th</sup> Annual General Meeting

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 197 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule V to the Companies Act, 2013 if, on account of loss or inadequacy of profits, the remuneration paid / payable to Dr. Amar Nath Gupta [DIN: 00053985] during the tenure of his re-appointment exceeds the limits prescribed in terms of Section II (A) of Part II of Schedule V of the Companies Act, 2013, the consent of the members be and is hereby accorded to pay to and not to recover from Dr. Amar Nath Gupta [DIN: 00053985] such excess remuneration, subject to the approval of the Government of India, Ministry of Corporate Affairs.

**RESOLVED FURTHER THAT** Dr. Amar Nath Gupta, [DIN: 00053985], Chairman and Managing Director, Mr. T.V. Chowdary [DIN: 00054220], Executive Director and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, things, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution in this regard."

### 8. Appointment of Colonel Vikram Mahajan (Retd.) as Director

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

**"RESOLVED THAT** Colonel Vikram Mahajan (Retd.) (DIN:06613483), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 6<sup>th</sup> of November, 2014, in terms of Section 161(1) of the Companies Act, 2013 and who holds office until the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the Office of the Director, be and is hereby appointed as the Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

### 9. Appointment of Colonel Vikram Mahajan (Retd.) as Whole time Director designated as Director (Marketing)

To consider and if thought fit, to pass with or without modification, the following resolution as special resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 including any statutory

modifications or enactments thereof from time to time, the consent of the Shareholders be and is hereby accorded to the Appointment of Colonel Vikram Mahajan (Retd.) (DIN: 06613483) as Director-Marketing for a tenure of three years with effect from 06<sup>th</sup> of November, 2014 up to 5<sup>th</sup> of November, 2017 at such remuneration as given below:

#### 1. Salary

- He will be entitled to a basic salary of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) per month with effect from 6<sup>th</sup> November 2014.
- His basic salary will be revised every year by the Nomination and Remuneration Committee based on his performance and he may be awarded an annual increment of 10-20% (rounded off to nearest ₹ 100/-) with effect from 1st of April starting from April 2015.

#### 2. Perquisites and allowances

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

- Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.
- 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 197, 198, 199 and 200 and Schedule V annexed to the Companies Act, 2013.

- 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.
- 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.
- Club fees (Membership fee in any one club not being admission and life membership fee).
- Medi claim and personal accident insurance as per rules of the company.

## Notice of the 35<sup>th</sup> Annual General Meeting

### 3. Other benefits

- i. Company's contribution towards Provident Fund.
- ii. Leave encashment at the end of tenure as per rules of the company.

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

- iii. Use of company car with driver & telephone at residence for official purposes.

### 4. Minimum remuneration

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

### 5. Commission

In addition to the salary, he will be entitled to commission @ 0.5% p.a. of the Net Profits of the company in accordance with Section 198 of the Companies Act, 2013 every year.

**"RESOLVED FURTHER THAT** the Board on the recommendation of the Nomination and Remuneration Committee be and is hereby authorized to alter and vary the terms of appointment and remuneration, within the permissible limits specified under Section 197 read with the Schedule V of the Companies Act, 2013 (including any statutory amendments or re-enactments, thereof, for the time being in force), and as may be agreed to by the Board and Colonel Vikram Mahajan (Retd.)."

### 10 Re-appointment of Dr. N. V. Srinivasa Rao as Whole time Director designated as Director (Production)

To consider and if thought fit, to pass with or without modification, the following Resolution as Special resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time, the consent of the Shareholders be and is hereby accorded to the re-appointment of Dr. N. V. Srinivasa Rao (DIN. 01359537) as Director (Production) of the company for a tenure of three years from May 1, 2015 up to April 30, 2018 at a remuneration as given below-

### 1. Salary

- a. He will be entitled to a basic salary of ₹ 190,000/- (Rupees One Lakh Ninety Thousand only) per month with effect from 1<sup>st</sup> May 2015.
- b. His basic salary will be revised every year by the Nomination and Remuneration Committee based on his performance and he may be awarded an annual increment of 10-20% (rounded off to nearest ₹ 100/-) with effect from 1<sup>st</sup> of April starting from April 2016.

### 2. Perquisites and allowances

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

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

These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 197, 198, 199 and 200 and Schedule V annexed to the Companies Act, 2013.

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

### 3. Other benefits

- i. Company's contribution towards Provident Fund.
- ii. Leave encashment at the end of tenure as per rules of the company.



## Notice of the 35<sup>th</sup> Annual General Meeting

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

- iii. Use of company car with driver & 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, perquisites and benefits, as specified above as minimum remuneration.

### 5. Commission

In addition to the salary, he will be entitled to commission @ 0.5% p.a. of the Net Profits of the company in accordance with Section 198 of the Companies Act, 2013 every year.

**RESOLVED FURTHER THAT** the Board on the recommendation of the Nomination and Remuneration Committee be and is hereby authorized to alter and vary the terms of appointment and remuneration, within the permissible limits specified under Section 197 read with the Schedule V of the Companies Act, 2013 (including any statutory amendments or re-enactments thereof, for the time being in force), and as may be agreed to, by the Board and Dr. N. V. Srinivasa Rao."

### 11. Approval to the remuneration payable to the Cost Auditors

To consider and if thought fit, to pass with or without modification, the following Resolution as an ordinary resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31<sup>st</sup>, 2016, be paid the remuneration as set out in the statement annexed to the notice convening this meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary."

### 12. To approve the borrowing limits of the company

To consider and if thought fit to pass with or without modifications, the following resolution as special resolution.

**"RESOLVED THAT** in supersession to the earlier resolutions(s) passed under Section 293(1)(d) of the Companies Act, 1956 at the 17<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> of September, 1997 and pursuant to the provisions of section 180 (1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, (including any statutory modifications or amendments thereof) consent of the shareholders be and is hereby accorded to the Board of Directors, to borrow monies in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the company's Bankers in the ordinary course of business, shall not be in excess of ₹ 100 Crores (Rupees One Hundred Crores) over and above the aggregate of the paid up capital and free reserves of the Company."

### 13. Creation of charge on assets of the company

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution-

**"RESOLVED THAT** in supersession of the earlier Resolution passed by the Members under Section 293(1)(a) of the Companies Act 1956 at the 33<sup>rd</sup> Annual General Meeting of the Company held on 08<sup>th</sup> of August, 2013 and pursuant to the Provisions of Section 180 (1)(a) and other applicable provisions if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modifications or re-enactments thereof), consent of the Members be and is hereby accorded to the Company, to mortgage or create charge on all or any of the immovable and movable properties (including pledging of securities held in subsidiaries/associates) of the Company, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank(s) or Financial Institutions(s) situated within or outside India (hereinafter referred to as 'the Lenders') to secure repayment of rupee term loans or foreign currency loans or a combination of both not exceeding ₹ 150 Crores (Rupees One Hundred and Fifty Crores only) advanced or agreed to lend and advanced by the lender(s) to the Company either jointly or severally or in any other combination thereof, as the case may be in terms of the loan agreement(s), entered into by the Company either jointly or severally or in any other combination thereof, as the case may be, with each of the lenders for the purpose of implementation of the project (s) of the Company.

## Notice of the 35<sup>th</sup> Annual General Meeting

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and are hereby authorized to finalize the terms and conditions for creating the aforesaid mortgages and/or charges and to execute the documents and such other agreements and also, to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to this resolution.”

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

Secunderabad  
11.08.2015

**Vijayashree.K**  
Company Secretary

### Notes:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed hereto.
2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the Company. The instrument appointing the proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.**
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Authorised Representatives of the Corporate Members are requested to bring a certified true copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 duly authorizing them to attend and vote at the Annual General Meeting.
5. The register of members and share transfer books of the Company will remain closed from 14.09.2015 to 24.09.2015 (both days inclusive).
6. The dividend of ₹ 2.00/- per share for the year ended March 31, 2015 as recommended by the Board, if declared at the Annual General Meeting, will be payable to those members whose names appear on the Company's register of members on 24<sup>th</sup> of September, 2015. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
7. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends, while members holding shares in physical form may write to the Registrar and Transfer Agent for any change in their addresses immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
8. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124(5) of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

## Notice of the 35<sup>th</sup> Annual General Meeting

9. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, etc., from the Company electronically.
10. The Notice of the AGM along with the annual report for the year 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Share Transfer Agent of the Company/Depositories, unless any Member has requested for the physical copy of the same.
11. E-voting facility
  - a. Pursuant to the provisions of Section 107 and 108, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the option of E-Voting facility to all the members of the Company, on all the resolutions set forth in the Notice. For this purpose, the Company has entered into an agreement with Karvy Computershare Private Limited for facilitating e-voting. In order to enable the Members who do not have access to remote e-voting facility to send their assent or dissent in writing in respect of the resolutions set out in the Notice, the Company is enclosing a Ballot form with the Notice. Instructions for the Ballot form are given at the back of the said form and instructions for e-voting are given herein below. Resolution(s) passed by members through Ballot forms or e-voting is/are deemed to have been passed, as if they have been passed at the AGM.
  - b. Mr. K.V. Chalama Reddy, practising company secretary has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot form received from the members who do not have access to the e-voting process).
  - c. The facility of e-voting and the Ballot form shall be made available at the meeting and the Members attending the meeting who have not cast their vote by remote e-voting or by Ballot form shall be able to exercise their right at the meeting.
  - d. The Company's Registrar & Share Transfer Agent will be sending communication relating to remote e-voting which inter alia would contain details about User Id and Password along with a copy of this Notice to the Members, separately.
  - e. The remote e-voting period commences on **21<sup>st</sup> September, 2015 (9.00 a.m.)** and ends on **23<sup>rd</sup> September, 2015 (5.00 p.m.)**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date of 17<sup>th</sup> September, 2015 may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.
  - f. The Scrutinizer shall after the conclusion of voting at the AGM will first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - g. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company-[www.pelgel.com](http://www.pelgel.com) and on the website of Karvy <https://evoting.karvy.com>, immediately after the declaration of the result by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the Bombay Stock Exchange.

### Procedure and instructions for e-voting

The procedure and instructions for e-voting are as follows:

- i) Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
- ii) Enter the login credentials (i.e., user-id & password) mentioned in the mail received from Karvy. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- <ol style="list-style-type: none"> <li>a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID</li> <li>b) For CDSL :- 16 digits beneficiary ID</li> </ol> For Members holding shares in Physical Form:- <ul style="list-style-type: none"> <li>● <u>Event no.(EVENT)</u> followed by Folio Number registered with the company</li> </ul>
Password	Your Unique password is printed overleaf / provided in the email forwarding the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons

- iii) Please contact our toll free No. 1-800-34-54-001 for any further clarifications.

## Notice of the 35<sup>th</sup> Annual General Meeting

- iv) Members can cast their vote online from 21<sup>st</sup> September, 2015 @ 9.00 a.m. to 23<sup>rd</sup> of September, 2015 @ 5.00 p.m.
- v) After entering these details appropriately, click on "LOGIN".
- vi) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vii) You need to login again with the new credentials.
- viii) On successful login, system will prompt you to select the 'Event' i.e., 'Premier Explosives Limited'.
- ix) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.
- x) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If you do not want to cast, select 'ABSTAIN'
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xiii) Corporate/Institutional Members (corporate /FIs/FILs/ Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to kvcr133@gmail.com with copy to evoting@karvy.com. The file of scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no.".

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

Secunderabad  
11.08.2015

**Vijayashree. K**  
Company Secretary

## Notice of the 35<sup>th</sup> Annual General Meeting

### EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item no. 5

Dr. Amar Nath Gupta [DIN: 00053985], was re-appointed as the Chairman and Managing Director of the Company for a period of 3 (Three) years commencing from February 14, 2013 in the Board meeting held on January 28, 2013 and further his appointment was ratified by the Members in the 33<sup>rd</sup> Annual General Meeting of the Company held on August 08, 2013 by passing a Special Resolution.

During the currency of his tenure and for the financial year ended 31<sup>st</sup> March, 2015, the Company recorded a Net Profit of ₹ 10,36,55,016 crores as per Section 198 of the Companies Act, 2013 ("the Act") and paid a managerial remuneration of ₹ 1,33,67,077 to Dr. Amar Nath Gupta, Chairman and Managing Director of the Company. Due to inadequate profits, the remuneration paid to him exceeded the limits as specified under the Act by ₹ 40,90,981.

Accordingly, pursuant to Section 197(10) and Schedule V of the Companies Act, 2013 an application shall be filed with the Central Government for waiver of recovery of excess remuneration of ₹ 40,90,981 paid to Dr. Amar Nath Gupta [DIN: 00053985], for the financial year ended 31<sup>st</sup> March, 2015.

Dr. Amar Nath Gupta [DIN: 00053985], has been serving as Chairman and Managing Director of the Company since its incorporation and considering his responsibilities and contribution towards the development and growth of the Company and other terms during his re-appointment, as approved by the shareholders, your Directors are of the opinion that the waiver of recovery of excess remuneration paid to Dr. Amar Nath Gupta is justified and in the best interest of the Company.

The Nomination and Remuneration Committee and the Board of Directors have at their meetings held on 20<sup>th</sup> of May, 2015 approved the waiver of recovery of the excess managerial remuneration paid during the financial year as specified in the above resolution, subject to approval of the shareholders' and Central Government.

Your Directors recommend the same for the approval of the shareholders and the resolution may be passed as a special resolution.

None of the Directors/key managerial personnel of the Company or their relatives except Dr. Amar Nath Gupta and Dr. (Mrs.) Kailash Gupta, his spouse is interested or concerned in the said resolution.

#### Item no. 6

Dr. Amar Nath Gupta is the founder, promoter and Chairman and Managing Director of the Company having a vast experience of over 40 years in the fields of Explosives Manufacture, Design & Application. Also, he is a gold medallist in Mining Engineering and has won laurels for his professional skills.

By virtue of good liaison with reputed manufacturers and dealers, his invaluable services are of paramount significance to the Company.

The Company under his able guidance was the first to set up a manufacturing unit with totally indigenous commercial explosive technology. He has driven the Company towards becoming the first private sector manufacturer in India to develop and supply solid propellants to the country's prestigious missile programmes.

The Board of Directors believes that the Company can reach new heights with the counsel of Dr. Amar Nath Gupta.

Dr. Amar Nath Gupta, Chairman and Managing Director of the Company, was re-appointed, by way of ratification of his appointment made in the Board Meeting held on 28 January, 2013, in the 33<sup>rd</sup> Annual General Meeting as Managing Director of the Company for a period of 3 (Three) years commencing from February 14, 2013, by passing a Special Resolution. He attained the age of 70 years on 14<sup>th</sup> April, 2015. Pursuant to Section 196(3)(a) of the Companies Act, 2013, no company shall **appoint or continue** the employment of any person as Managing Director, whole-time director or manager who has attained the age of seventy years provided that such appointment shall be made by way of passing a special resolution by the shareholders of the company. However, the Section is silent about the continuation in the employment by such person. Though as per the established principles of law this provision may not impact his appointment which was made pursuant to the erstwhile provisions of the Companies Act, 1956, as a prudent and sound practice of governance, approval of members is sought by way of Special Resolution.

Your Directors recommend the same and the resolution may be passed as a special resolution as he has attained the age of 70 years.

None of the Directors/key managerial personnel of the Company or their relatives except Dr. Amar Nath Gupta and Dr. (Mrs.) Kailash Gupta, is interested or concerned in the said resolution.



## Notice of the 35<sup>th</sup> Annual General Meeting

### Item no. 7

Dr. Amar Nath Gupta, aged 70 years, is the founder, promoter, Chairman and Managing Director of the Company having over 40 years experience in Explosives Manufacture, Design & Application. He is a gold medallist in Mining Engineering and has won laurels for his professional skills. He is responsible for the management of the overall operations of the Company, and has been instrumental in enabling the Company to diversify and expand its operations. He is actively involved in long term strategy formulation and in exploring new growth avenues for the Company. By virtue of good liaison with reputed manufacturers and dealers, his invaluable services are of paramount significance to the Company. The Company under his able guidance was the first to set up a manufacturing unit with totally indigenous commercial explosive technology. He has driven the Company towards becoming the first private sector manufacturer in India to develop and supply solid propellants to the country's prestigious missile programmes.

The present term of appointment of Dr. Amar Nath Gupta [DIN: 00053985], Chairman and Managing Director will expire on 13/02/2016. He has excellent knowledge and experience in Mining Engineering & technology along with the general management of the Company. Keeping in view his knowledge of various aspects relating to Company's affairs and vast experience, the Board of Directors are of the opinion that for the smooth and efficient running of the business, his services are imperative and should be continued in the Company for a further period of 3 years with effect from 14 February, 2016.

In terms of the provisions of Companies Act, 2013 and Articles of Association of the Company, the Nomination and Remuneration Committee and the Board of Directors have, at their meeting held on 11<sup>th</sup> of August, 2015, subject to the approval of shareholders and Central Government, if any required, re-appointed him as Chairman and Managing Director for a period of 3 years with effect from 14/02/2016.

A brief profile along with other details of Dr. Amarnath Gupta is provided in the Report on Corporate Governance forming part of the Annual Report.

Approval of the Members is being sought by way of Special Resolution for Reappointment of Dr. Amar Nath Gupta as Chairman and Managing Director, who has crossed the age of seventy years at the time of this reappointment and also, in the event of losses or inadequacy of profits incurred by the Company during his tenure, for payment of remuneration in excess of the limits prescribed in terms of Section II (A) of Part II of Schedule V of the Companies Act, 2013, subject to the approval of the Central Government, if any, required.

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

None of the Directors/Key Managerial Personnel (KMP) of the Company or their relatives except Dr. Amar Nath Gupta and Dr. (Mrs.) Kailash Gupta is interested or concerned in the said resolution.

### Statement common to Item nos. 5, 7, 8 and 9

Additional information in terms of item (iv) of third proviso of Section II of Part II of Schedule V to the Companies Act, 2013 is furnished below:

#### I. General information

1	Nature of Industry	<ul style="list-style-type: none"> <li>• Manufacture of commercial explosives</li> <li>• Design, development and manufacture of defense products</li> <li>• Operations and maintenance services for defence and space establishments</li> <li>• Generation of renewable energy</li> </ul>
2	Date or expected date of commencement of commercial production	9 <sup>th</sup> September, 1980
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
4	Financial performance based on given indicators	For Financial Year 2014-15 Net Revenue: ₹ 15023.20 Lakhs Profit before tax: ₹ 762.23 Lakhs Profit after Tax: ₹ 532.05 Lakhs
5	Foreign investments or collaborations, if any	None

## Notice of the 35<sup>th</sup> Annual General Meeting

### II. Information about the appointees

#### Dr. Amar Nath Gupta

1	Background details	Age: 70 years  Qualification : M.Sc. (Mining Engineering) from Indian School of Mines, Dhanbad
2	Past Remuneration	₹ 133.67 lakhs (2014-15)
3	Recognition or Awards	<ul style="list-style-type: none"> <li>• Recipient of 'Pickering and ISM Medal' from Indian School of Mines, Dhanbad</li> <li>• Received Gold Medal from Mining Geological and Metallurgical Institute of India for best paper</li> <li>• Was Chairman of Explosives Development Council and Chairman of Explosives Manufacturers Association of India</li> <li>• Received Asia Pacific Entrepreneurship Award in the outstanding category</li> </ul>
4	Job profile and his suitability	<ul style="list-style-type: none"> <li>• Chairman and Managing Director</li> <li>• Founder-promoter</li> <li>• Steered the Company from commercial explosives to technology-products like solid propellants for missile programs</li> <li>• Promoted R&amp;D in the Company giving results like receiving DRDO's Technology Absorption Award from Prime Minister of India</li> <li>• Responsible for development and production of safer and green detonators using NHN as primer in place of conventional ASA.</li> <li>• Has made distinguished contributions to the field of science and technology leading to conferment of Doctor of Science.</li> </ul>
5	Remuneration proposed	As mentioned in the Resolution No.7
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with other Directors, manager and other key managerial personnel, if any	Shareholder with 27.98%  Related to Dr. (Mrs.) Kailash Gupta, Director



## Notice of the 35<sup>th</sup> Annual General Meeting

### Colonel Vikram Mahajan (Retd.)

1	Background details	Age: 55 Years Qualification : M.Tech, MBA in Marketing
2	Past Remuneration	₹ 11.25 lakhs (06.11.2014 to 31.03.2015)
3	Recognition or Awards	N.A
4	Job profile and his suitability	With an experience of 27 years of working with the Army, he has extensive knowledge about opportunities in defence sector.
5	Remuneration proposed	As mentioned in the Resolution No.8
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with other Directors, manager and other key managerial personnel, if any.	None

### Dr. N.V. Srinivasa Rao

1	Background details	Age: 59 years Qualification : M.Sc. Ph.D. (Chemistry)
2	Past Remuneration	₹ 36.54 lakhs (2014-15)
3	Recognition or Awards	He is a Member of High Energy Materials Society of India.
4	Job profile and his suitability	He has a Doctorate in chemistry with over 30 years of experience in the field of explosives and accessories and high energy materials.
5	Remuneration proposed	As mentioned in the Resolution No.9
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with other Directors, manager and other key managerial personnel, if any	None

## Notice of the 35<sup>th</sup> Annual General Meeting

### III. Other information

1	Reasons of loss or inadequate profits	<p>Major reason for decline in profit is underperformance of a product called Detonators. Demand for the product has come down predominantly with lower construction activity. Other reasons include restrictions on transportation during general elections and various state elections at different periods of the financial year. Low demand resulted in low prices and hence low volumes also.</p> <p>Restrictions on importation of ammonium nitrate, an important raw material for production of explosives, has lead to higher cost of production which could not be passed on to the customers fully.</p> <p>Effectively, raw materials costs as proportion of overall income increased from 50% to 53% affecting the profitability significantly.</p> <p>Minor reasons include higher depreciation with new rates in the new companies act.</p>
2	Steps taken or proposed to be taken for improvement	<p>After seeing the decline in sale of detonators, Management has tried to increase sale of other products and has been able to achieve slightly higher annual income.</p> <p>Other expenses including interest have been contained at previous year levels.</p>
3	Expected increase in productivity and profits in measurable term	<p>Over the last three decades Premier has been in forefront in introduction of new products – it was the first company in India to produce explosives and detonators with indigenous technology; it was one of the first companies to produce shock tubes in the country; it was also the first in the world to adopt a new formulation (called NHN) as primary charge in production of detonators.</p> <p>Over a period of time, explosives and accessories have been commoditised and profitability has been alternating – good in one year and not so good in other year.</p> <p>Seeing the alternating prospects of this line of business, the management has decided to de-risk the business model by adding defence products like solid propellants to the company's product portfolio. These two lines of business – within a broad classification of high energy materials – are expected to provide financial complementary effect.</p> <p>The company has the distinction of being the only Indian private entity designing, developing and manufacturing solid propellants, alongside the public sector Ordnance factory.</p> <p>As of now the company is in a transformational point, on the path to derive higher income from defence - company's supply of booster solid propellants for Akash missiles is being ramped up; orders received for sustainer grains for the same Akash; higher orders received for Long Range Surface to Air Missile (LRSAM), working with DRDO for various other products.</p> <p>The company also received industrial licenses for manufacture of various defence products like military fuses, munition 20mm, warheads, explosive reacting armour, ammunition 40mm and above, etc.</p> <p>The company is negotiating with a few international companies for technology tie ups and wishes to be part of 'Make in India'.</p> <p>In a nutshell, the company is grappling with short term profitability challenges but is firmly working for higher turnover and better profitability from defence products in the years to come.</p>

## Notice of the 35<sup>th</sup> Annual General Meeting

### Item no. 8

The Board of Directors of the Company at its meeting held on 06<sup>th</sup> of November, 2014 had appointed Colonel Vikram Mahajan (Retd.) (DIN: 06613483) as an Additional Director who holds his office until the conclusion of this Annual General Meeting. Pursuant to the Provisions of Section 160 and other applicable provisions of the Companies Act, 2013, the Company has received a notice from a shareholder proposing his candidature for the office of Director, along with the requisite deposit.

A brief profile along with other details of Colonel Vikram Mahajan (Retd.) is provided in the Report on Corporate Governance forming part of the Annual Report.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Colonel Vikram Mahajan (Retd.) is appointed as a Director of the Company.

None of the other Directors, Key Managerial Personnel or their relatives except Colonel Vikram Mahajan (Retd.), is in any way concerned or interested, in the resolution set out at item no.8.

The Board commends the Ordinary Resolution set out at item No.8 of the Notice for approval by the Shareholders.

### Item no. 9

The Board had at its meeting appointed Colonel Vikram Mahajan (Retd.) as Director (Marketing), with effect from 06<sup>th</sup> of November 2014 until the expiry of three years i. e up to 05<sup>th</sup> of November, 2017, subject to the approval of the Shareholders.

He will be paid remuneration and perquisites as recommended by the Nomination and Remuneration Committee and as given in the resolution, subject to the overall ceiling fixed under Schedule V part II, sections I and II of the Companies Act, 2013 as amended from time to time.

None of the other Directors, Key Managerial Personnel or their relatives except Colonel Vikram Mahajan (Retd.), are in any way concerned or interested, in the resolution set out at item no.9.

The Board commends the Special Resolution as set out at item no.9 of the Notice for approval by the shareholders.

### Item no. 10

The tenure of appointment of Dr. N. V. Srinivasa Rao, Director (Production) had ended on 30<sup>th</sup> April, 2015, the Board of Directors at their meeting held on 07<sup>th</sup> of February, 2015, on the recommendation of the Nomination and Remuneration Committee reappointed him as Director (Production) with effect from 01<sup>st</sup> of May, 2015 for a period of three years at a remuneration as set out in the resolution, subject to the approval of the Shareholders.

A brief profile along with other details of Dr. N.V. Srinivasa Rao is provided in the Report on Corporate Governance forming part of the Annual Report.

None of the other Directors, Key Managerial Personnel or their relatives except Dr. N.V. Srinivasa Rao, is in any way concerned or interested, in the resolution set out at item no.10.

The Board commends the Special Resolution set out at item no.10 of the Notice for approval by the shareholders.

### Item no. 11

The Board on the recommendation of the Audit Committee has approved the appointment of M/s. S. S. Zanwar & Associates as the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year ending March 31, 2016 at a remuneration of ₹ 1.10 Lakhs.

In accordance with the provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at item no.11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2016.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially

### Item nos. 12 and 13

Pursuant to the provisions of Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, prior consent of the Shareholders by Special Resolution is required to enable the Board of Directors to exercise Borrowing Powers, which, in aggregate, may exceed the paid up share capital and free reserves of the Company and to create a charge on moveable/immoveable properties of the Company in favour of Lenders.

The Board of Directors of the Company were authorized by the Members of the Company under section 293(1)(d) of the Companies Act, 1956 at the 17<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> of September, 1997 to borrow funds up to ₹ 40 crores (Rupees Forty Crores only) in excess of the aggregate of the paid up capital and free reserves (other than temporary loans obtained from the company's bankers in the ordinary course of business) and under Section 293(1)(a) of the Companies Act, 1956 at the 33<sup>rd</sup> Annual General Meeting held on 08<sup>th</sup> of August, 2013 for creation of charge on assets of the Company up to an amount not exceeding ₹ 100 Crores (Rupees One Hundred Crores).

## Notice of the 35<sup>th</sup> Annual General Meeting

In order to meet the increased long term fund requirements and for financing the present and future projects of the Company, the Board of Directors requests the members to accord their consent to borrow funds up to ₹ 100 Crores (Rupees One Hundred Crores only) in excess of the aggregate of the Company's paid up capital and free reserves in terms of Section 180(1)(c) of the Companies Act, 2013 and for mortgaging/creating charge over all moveable/immovable properties in favour of the lenders for an amount not exceeding ₹ 150 Crores (Rupees One Hundred and Fifty Crores) in terms of Section 180(1)(a) of the Companies Act, 2013.

Yours Directors recommend the resolutions as set out in item nos. 12 and 13, for members' approval as Special Resolutions.

None of the Directors, Key Managerial Personnel or their relatives is in any way concerned or interested, in this resolution.

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

Secunderabad  
11.08.2015

**Vijayashree. K**  
Company Secretary

## Directors' report

Dear Members

Your directors are pleased to present the 35<sup>th</sup> annual report including the audited financial statements of your company for the year ended 31<sup>st</sup> March, 2015.

### 1. Financial summary

(₹ in lakhs)

Profitability	2014-15	2013-14
Sales	14899.45	14471.03
Other operating revenue	49.71	69.35
Other income	74.04	140.67
Revenue	<b>15023.20</b>	<b>14681.05</b>
EBIDTA	1328.38	1766.87
% to Revenue	9%	12%
Profit before tax	762.23	1295.50
% to Revenue	5%	9%
Profit after tax	<b>532.05</b>	<b>921.31</b>
% to Revenue	4%	6%
Diluted EPS (₹)	6.10	11.17
<b>Appropriations</b>	<b>31.03.15</b>	<b>31.03.14</b>
Opening balance of surplus	<b>3286.17</b>	<b>2828.89</b>
Depreciation due to revision in estimated useful lives of fixed assets	(66.66)	-
Profit for the year	532.05	921.31
Total available for appropriations	<b>3751.56</b>	<b>3750.20</b>
Proposed dividend	(177.17)	(225.68)
Dividend tax on the above	(36.07)	(38.35)
Dividend paid for earlier year	(13.50)	-
Dividend tax paid on the above	(2.30)	-
Transfer to general reserve	(150.00)	(200.00)
Closing balance of surplus	<b>3372.52</b>	<b>3286.17</b>

### 2. State of affairs

Your company's sales grew to ₹ 14899 lakhs from ₹ 14471 lakhs, an increase of 3% over previous year.

Gross profit decreased by 25% from ₹ 1767 lakhs to ₹ 1328 lakhs.

Profit before tax has decreased 41% from ₹ 1295 lakhs to ₹ 762 lakhs.

Net profit for the year came down by 42% to ₹ 532 lakhs from ₹ 921 lakhs.

Basic EPS has decreased to ₹ 6.10 from ₹ 11.25 for the previous year.

### 3. Operations

Production of explosives increased to 24,066 tonnes from previous year's 20,703 tonnes.

Production of detonators decreased to 42.20 million pieces from 53.27 million pieces a year ago due to lower demand from mining and infrastructure industries, caused by unseasonal / long rains, restrictions on movement of explosives during elections, etc.

These factors together with severe competition has resulted in un-remunerative prices for accessories like detonators and detonating fuse.

Defence products contribution has been satisfactory and the company expects a decent growth with improved order book on hand.

Operations & maintenance contracts at Sriharikota and Jagdalpur have been satisfactory. Contract at Jagdalpur has been extended by five years, i.e. from April 2015 till April 2020.

Windmill generated 13.67 lakh units of power compared to 19.84 lakh units during the previous year, a decline of 31%. Previous year 2013-14 was exceptionally good year for wind power generation but weather dynamics were not favourable in 2014-15.

#### 4. Capital expenditure

During the year the company incurred a net capital expenditure of ₹ 398.53 lakhs including land development at new site and balancing equipment and incremental assets at the existing sites.

#### 5. Dividend

Your directors recommend a dividend of ₹ 2.00 per share for the year ended 31<sup>st</sup> March, 2015 on the amount of paid up share capital as on record date for dividend. The dividend, if approved and declared at the forthcoming annual general meeting, would result in a cash outflow of ₹ 177.17 lakhs towards dividend and ₹ 36.07 lakhs towards tax on dividend, totalling to ₹ 213.24 lakhs.

#### 6. Share capital and reserves

##### a) Share capital

Equity share capital has increased from ₹ 835.86 lakhs as on 31.03.2014 to ₹ 885.86 lakhs as on 31.03.2015 upon allotment of 5,00,000 equity shares against an equivalent number of warrants.

##### b) Securities premium

Securities premium account has gone up by ₹ 258.85 lakhs with receipt of premium @ ₹ 51.77 per share on allotment of 5,00,000 equity shares referred above.

##### c) Transfer to general reserve

Your directors propose to transfer an amount of ₹ 150 lakhs (previous year ₹ 200 lakhs) from the current year profit to general reserve.

##### d) Total reserves as at 31<sup>st</sup> March, 2015

Including the share premium received on allotment of equity shares mentioned above and net of the proposed dividend and tax thereon, total reserves

and surplus as on 31<sup>st</sup> March, 2015 increased to ₹ 5305 lakhs from last year's ₹ 4810 lakhs.

#### 7. Utilisation of proceeds from preferential issue of share warrants

During 2013-14 and 2014-15 your company issued a total of 7,31,000 equity shares of ₹ 10 each at a premium of ₹ 51.77 per share and received a total of ₹ 451.54 lakhs. The amount so received was utilized for working capital and fixed assets, being objects of the issue.

#### 8. Deposits

During the year the company has repaid all the fixed deposits in terms of Section 74 of the Companies Act, 2013 and has not accepted any new deposits.

#### 9. Material changes after end of the financial year

##### a) Voluntary retirement scheme

With a view to rationalize the human resources the company has agreed for retirement of 56 employees in 2015-16 which will have a onetime cost of ₹ 369.56 lakhs.

##### b) Industrial licenses

Your company has received industrial licenses for manufacture of various defence products, namely, Mob dispersion devices, Ammunition of 40mm and above calibre, Rockets and missiles, Mines related to Defence, Bombs, Flexible liner shape charge, Explosives reacting armour, Single base propellant, Military fuses of all types including filling and assembling, Munitions of 20 mm and above calibre including filling and assembling.

Your company is taking necessary steps to obtain technology tie ups and to prepare business plans in respective of a few of the above products.

Your company also received industrial licenses for capacity expansion of Site mixed explosives and Cartridge explosives. Related new or expansion plants would be set up at an opportune time.

#### 10. Future outlook

Recent coal mining auctions, amendment of mining regulations, relaxation of foreign direct investment in construction sector and general improvement in economy are expected to result in increased demand for commercial explosives and accessories.

'Make in India' initiative, accelerated issuance of defence licenses, encouragement of private sector for defence production, revised defence procurement and offset policies, etc. would help the company in scaling up military explosives business.

## 11. Board matters

### A. Directors' responsibility statement pursuant to section 134 of the Companies Act, 2013

Your directors confirm that

- a) the applicable accounting standards have been followed;
- b) 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 31<sup>st</sup> March, 2015 and of the profit of the company for the year ended on that date;
- c) 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;
- d) the annual accounts have been prepared on a going concern basis;
- e) adequate internal financial controls have been laid down, have been followed and have been operating effectively;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and those systems have been adequate and operating effectively.

### B. Declaration of independent directors

All the independent directors confirmed that they have met the criteria of independence as required u/s 149 of the Companies Act, 2013.

### C. Training of directors

During the year, both independent and non-independent directors were provided a technical session by a senior practicing company secretary regarding provisions of the Companies Act, 2013.

### D. Board meetings

During the financial year 2014-15 there were 4 Board meetings held on 24<sup>th</sup> May, 2014, 13<sup>th</sup> August 2014, 06<sup>th</sup> November, 2014 and 07<sup>th</sup> February, 2015.

### E. Board evaluation

Criteria and other details of Board evaluation has been provided in the Annexure -1 Report on Corporate Governance.

## F. Change in directors

- a) Mr. K. Chalil had retired as Director upon reaching Superannuation on 30<sup>th</sup> of September, 2014 and the company places on record its appreciation of the valuable services rendered by him during his tenure as director.
- b) Filling the above casual vacancy, the Board has appointed Colonel Vikram Mahajan (Retd.) as Additional Director on 06<sup>th</sup> of November, 2014, to hold office until the conclusion of this Annual General Meeting and being eligible offers himself for re-appointment as Director.

The Board recommends reappointment of Colonel Vikram Mahajan (Retd.) as a Director.

## G. Rotation of director

Dr. N.V. Srinivasa Rao will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The Board recommends reappointing him as a Director.

## H. Company's policy on appointment and remuneration of directors

Criteria for appointment of directors and policy on directors' remuneration are given at paras 2.7 and 4.5 of the Report on corporate governance, Annexure-1.

## I. Formal annual evaluation by the Board

The Board has evaluated its own performance and of individual directors. The details as required u/s 134(3) (p) of the Companies Act, 2013, are mentioned in the Annexure 1: Report on Corporate Governance.

## 12. Company Secretary & Compliance Officer

Mr. Avinash Kumar Singh resigned on 20<sup>th</sup> March, 2015 as Company Secretary & Compliance Officer. Subsequently, the Board has appointed Ms. K. Vijayashree in that position on 20<sup>th</sup> May, 2015.

## 13. Auditors

### a) Independent auditors

The Independent auditors M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants (Firm's Registration Number: 0022835) have been appointed as Statutory Auditors of the Company at the Annual General Meeting held on 13<sup>th</sup> of August, 2014 to hold office until the conclusion of the Annual General meeting to be held in the year 2019 subject to ratification of their appointment at every AGM.

Accordingly, the reappointment is placed for ratification by the members at this Annual General Meeting.

The Board recommends ratification of their re-appointment.



**b) Internal auditors**

M/s M. Venkata Ratnam & Associates, Chartered Accountants were the internal auditors for the year 2014-15 and they being eligible, the Board has re-appointed them for the year 2015-16.

**c) Cost auditors**

M/s S. S. Zanwar & Associates, Cost Accountants were cost auditors for 2014-15 and they being eligible, the Board has re-appointed them for the year 2015-16 and their remuneration is subject to the ratification of shareholders in the ensuing annual general meeting. The Board recommends ratification of their remuneration.

**d) Secretarial auditor**

Mr. K.V. Chalama Reddy, a practicing company secretary, was the secretarial auditor for the financial year 2014-15 and he being eligible, the Board has re-appointed him for the year 2015-16.

**14. Independent auditors' report**

Independent Auditors' report contains a matter of emphasis that managerial remuneration of the Chairman & Managing Director exceeded the limit prescribed under provisions of the Companies Act, 2013. The company is taking necessary steps to obtain the Central Government approval required in this respect.

**15. Ratings**

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

Dun & Bradstreet allotted D&B D-U-N-S® NUMBER: 65-063-6121 to the company and assigned the rating '4A2 Condition: Good'.

**16. Management discussion and analysis**

A report on management discussion and analysis is placed as a separate section in the annual report.

**17. Corporate governance**

Pursuant to clause 49 of the listing agreement with the stock exchange, a detailed report is given at Annexure-1 along with the auditors' certificate in the Annexure-2 and CEO and CFO certificate in the Annexure-3.

**18. Secretarial audit report**

Pursuant to section 204 of the Companies Act, 2013, every listed company shall annex the secretarial audit report with the Board's report. Secretarial Audit Report contains an observation that the Remuneration paid to the Chairman and Managing Director, for the year 2014-15 is in excess of the limits prescribed under Section 197 read with

Schedule V of the Companies Act, 2013 by ₹ 40,90,981. The Company is taking necessary steps to obtain the Central Government approval required in respect of the aforesaid amount. The secretarial audit report is attached as Annexure-4.

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

Information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure- 5 to this Report.

**20. Particulars of loans, guarantees or investments in terms of section 186 of the Companies Act, 2013**

Your company

- a) has not given any loan to any person or other body corporate other than usual advances for supply of materials and services
- b) has not given any guarantee or provide security in connection with a loan to any other body corporate or person and
- c) has not acquired the securities of any other body corporate by way of subscription, purchase or otherwise,

exceeding sixty percent, of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

**21. Particulars of contracts or arrangements with related parties**

Contracts or arrangements with related parties referred in section 188(1) of the Companies Act, 2013 have been at arm's length and the particulars are reported in the Annexure - 6.

**22. Risk management policy**

Your company recognizes Risk Management as a very important part of business and has kept in place necessary policies, procedures and mechanisms. The company proactively identifies monitors and takes precautionary and mitigation measures in respect of various risks that threaten the operations and resources of the company.

In accordance with Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee and formulated a policy on the Risk Management. Details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Risk Management Policy of the company is available at the link <http://www.pelgel.com/prm.htm>.

**23. Vigil mechanism policy**

Pursuant to the provisions of Section 177 (9) and (10) of the Companies Act, 2013 a Whistle Blower policy has been established. The policy is available at the website link <http://www.pelgel.com/pwb.htm>.

**24. Corporate social responsibility (CSR) activities**

During the year your company has spent an amount of ₹ 29.70 lakhs on CSR activities, against the minimum mandatory amount of ₹ 29.63 lakhs, being 2% of average profit for the last three years.

Details of CSR activities are given in Annexure - 7.

**25. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Nirbhaya Act)**

There are 107 women employees in your company as on 31<sup>st</sup> March, 2015 and your company has formulated an anti harassment policy to ensure safe working environment. Your company also has set up an Internal Complaint Committee to redress complaints of women employees.

Details of awareness programmes and complaints are listed in Annexure - 8.

**26. Disclosure of significant and material orders passed by regulators etc. under Rule 8(5)(vii) of the Companies (Accounts) Rules 2014**

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**27. Disclosure of internal financial control systems and their adequacy Rule 8(5)(viii) of the Companies (Accounts) Rules 2014**

The company has in place adequate internal financial controls with reference to financial statements through

- reviews of operations by Board and committees
- vetting of various reports by management
- periodical internal audits
- setting and implementing financial policies
- checks and balances in the ERP system and other measures.

**28. Extracts of annual return and other disclosures under the Companies (Appointment & Remuneration) Rules, 2014**

Extract of Annual Return in form no. MGT-9 as per Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Company (Management & Administration) Rules, 2014 is annexed hereto and forms part of this report as Annexure - 9.

**29. Remuneration of directors and employees and related disclosures**

Remuneration is paid to directors and employees in accordance with the remuneration policy of the company and applicable statutory provisions.

Particulars required u/s 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as Annexure - 10.

**30. Listing on stock exchange**

Your Company's shares are listed on the Bombay stock exchange. During the year under review, your company's share price had moved between a maximum of ₹ 329.70 and a minimum of ₹ 70.30. The price closed at ₹ 240.80 on 31<sup>st</sup> March 2015, an increase of 209% over the price of ₹ 78.00 on 31<sup>st</sup> March, 2014.

The strength of shareholders has increased from 5,895 on 31.03.2014 to 8,811 on 31.03.2015.

**31. Asia Pacific Entrepreneurship Award to Dr. A.N.Gupta**

The Board is pleased to inform you that Dr. A.N.Gupta, Chairman and Managing Director of the company, has been conferred the Asia Pacific Entrepreneurship Award in Outstanding category on 21<sup>st</sup> March, 2015.

**32. Industrial relations**

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

**33. 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.

Secunderabad  
11.08.2015

Dr. A.N. Gupta  
Chairman & Managing Director

## Annexure-1 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. Composition

The Board of Directors of the company has an optimum combination of Executive, Non-Executive and Independent Directors who have in-depth knowledge of business and expertise in their areas of specialization. The Board comprises 10 directors that includes one woman director.

Composition and category of directors as on 31<sup>st</sup> of March, 2015 is as follows:

Category	No. of Directors	%
Executive Directors	4	40
Non Executive & Independent Directors	5	50
Non Executive & Non Independent Directors	1	10
<b>Total</b>	<b>10</b>	<b>100</b>

1. Dr. A.N. Gupta-Chairman and Managing Director
2. Mr. T.V. Chowdary-Executive Director
3. Dr. N.V. Srinivasa Rao-Director (Production)
4. Col. Vikram Mahajan-Director (Marketing)
5. Dr. (Mrs) Kailash Gupta- Non-executive Director
6. Mr. Anilkumar Mehta-Independent Director
7. Mr. P.R. Tripathi-Independent Director
8. Mr. K. Rama Rao-Independent Director
9. Dr. A. Venkataraman-Independent Director
10. Mr. Arun Kapoor-Independent Director

##### 2.2. Number of Board meetings held and dates on which held

The Board of Directors met 4 times during the Financial Year from 1<sup>st</sup> of April, 2014 to 31<sup>st</sup> of March, 2015. The dates on which the meetings were held are as follows:

24<sup>th</sup> of May, 2014, 13<sup>th</sup> of August 2014, 06<sup>th</sup> of November, 2014 and 07<sup>th</sup> of February, 2015.

**2.3. Attendance of each director at the Board meetings and the last AGM held on 13<sup>th</sup> of August, 2014**

Name of the Director	No. of Board meetings attended		Last AGM attendance (Yes/No)
	Held during tenure	Attended	
Dr. A.N. Gupta	4	4	Yes
Mr. T.V. Chowdary	4	4	Yes
Dr. N.V. Srinivasa Rao	4	4	Yes
Mr. K. Chalil (Retired on 30.09.2014)	2	2	Yes
Col. Vikram Mahajan (Appointed as Additional Director on 06.11.2014)	2	2	NA
Dr. (Mrs.) Kailash Gupta	4	4	Yes
Mr. P.R. Tripathi	4	4	Yes
Mr. Anilkumar Mehta	4	3	Yes
Mr. K. Rama Rao	4	4	Yes
Dr. A. Venkataraman	4	4	Yes
Mr. Arun Kapoor	4	3	Yes

**2.4. Particulars of directorships in other companies**

Name of the Director	Name of the Company	Position
Dr. A.N. Gupta	Godavari Explosives Limited BF Premier Energy Systems Private Limited	Chairman Director
Mr. T.V. Chowdary	Premier Wire Products Limited Octane Chemicals Private Limited BF Premier Energy Systems Private Limited	Director Director Director
Dr. N.V. Srinivasa Rao	Premier Wire Products Limited	Director
Col. Vikram Mahajan	Premier Wire Products Limited Godavari Explosives Limited	Director Director
Dr. (Mrs.) Kailash Gupta	Godavari Explosives Limited Premier Wire Products Limited	Director Director
Mr. Anilkumar Mehta	None	None
Mr. P.R. Tripathi	Sarda Energy & Minerals Limited Hindusthan Dorr Oliver Limited IVRCL Limited HDO Technologies Limited Minman Consultancy Services Private Limited	Director Chairman Director Director Director
Mr. K. Rama Rao	None	None
Dr. A. Venkataraman	None	None
Mr. Arun Kapoor	Punjab Bio Mass Power Limited QCG Power Solutions Private Limited Sane Renewable Energy Private Limited. Tarz Support Services Private Limited Bermaco Integrated Green Power Projects Limited	Director Director Director Director Director

## 2.5. Positions in Boards or Committees of other companies

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 companies in which he or she is a director. Necessary disclosures regarding committee positions have been made by the directors.

No. of committees and chairmanships held by them across all the companies are as follows:

Name of the Director	Name of the Company	Member of the Committee	Chairman of the Committee
Dr. A.N. Gupta	Premier Explosives Limited	Risk Management Committee	Yes
Mr. T.V. Chowdary	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
		Risk Management Committee	No
Dr. N.V. Srinivasa Rao	None	None	None
Col. Vikram Mahajan	None	None	None
Dr. (Mrs.) Kailash Gupta	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
		Internal Complaints Committee	No
Mr. P.R. Tripathi	Premier Explosives Limited	Audit Committee	Yes
		Nomination and Remuneration Committee	Yes
		CSR committee	Yes
	IVRCL	Audit Committee	Yes
		Shareholders Grievance Committee	No
	HDO Limited	Audit Committee	No
		Shareholders Grievance Committee	Yes
Mr. Anilkumar Mehta	HDO Technologies Limited	Audit Committee	Yes
		Stakeholder Relationship Committee	Yes
		Audit Committee	No
Mr. K. Rama Rao	Premier Explosives Limited	Nomination and Remuneration Committee	No
		Audit Committee	No
		Nomination and Remuneration Committee	No
Dr. A. Venkataraman	None	None	None
Mr. Arun Kapoor	Premier Explosives Limited	Audit Committee	No
	Punjab Biomass Power Limited	Audit Committee	No
	Bermaco Integrated Green Power Projects Limited	Audit Committee	No

## 2.6. Shareholding of non-executive directors:

Name	Category	No. of Shares held as on 31.03.2015
Dr. (Mrs.) Kailash Gupta	Non Executive & Promoter Director	10,62,172
Mr. Anilkumar Mehta	Non Executive & Independent Director	4,000
Mr. P.R. Tripathi	Non Executive & Independent Director	Nil
Mr. K. Rama Rao	Non Executive & Independent Director	Nil
Mr. A. Venkataraman	Non Executive & Independent Director	Nil
Mr. Arun Kapoor	Non Executive & Independent Director	Nil

- 2.7. Criteria for Board membership
- Director must have relevant experience in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to company's business.
- Director should possess the highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.
- Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director and recommend to the Board his / her appointment or re-appointment.
- The committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient or satisfactory for the concerned position.
- While appointing an independent director, Nomination and Remuneration Committee shall consider the 'independence' of the person also in addition to the above.
- 2.8. Declaration from independent directors
- 2.8.1. The company has obtained declarations from all its Independent directors pursuant to section 149(7) of the Companies Act, 2013 and all the independent directors meet the criteria of Independence as per clause 49 of the Listing Agreement.
- 2.8.2. The terms and conditions of appointment of independent directors have been placed on the Company's website at [www.pelgel.com](http://www.pelgel.com).
- 2.9. Performance evaluation of non-executive and independent directors
- 2.9.1. The performance evaluation of the Board, non-independent directors and independent directors is done by the independent directors excluding the director being evaluated.
- 2.9.2. The Nomination Committee has laid down the evaluation criteria for performance evaluation of independent directors as follows:
- 2.9.2.1. Does he/she understand and support the mission of the company?
- 2.9.2.2. Is he/she knowledgeable about the company's products and services?
- 2.9.2.3. Does he/she read and understand the company's financial statements?
- 2.9.2.4. Attendance and participations in the meetings and timely inputs on the minutes of the meetings.
- 2.9.2.5. Adherence to ethical standards & code of conduct of company and disclosure of non – independence, as and when it exists and disclosure of interest.
- 2.9.2.6. Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
- 2.9.2.7. Interpersonal relations with other directors and management.
- 2.9.2.8. Objective evaluation of Board's performance, rendering independent, unbiased opinion.
- 2.9.2.9. Understanding of the company and the external environment in which it operates and contribution to strategic direction.
- 2.9.2.10. Safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.
- 2.10. Evaluation criteria for the non-independent directors
- 2.10.1. Attendance, participations in the Meetings and timely inputs on the minutes of the meetings.
- 2.10.2. Contribution towards growth of the Company including actual vis-à-vis budgeted performance.
- 2.10.3. Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.
- 2.10.4. Adherence to ethical standards & code of conduct of Company.
- 2.10.5. Team work attributes and supervising & training of staff members.
- 2.10.6. Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.
- 2.10.7. Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information.
- 2.11. Criteria for Board's evaluation
- 2.11.1. Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?



- 2.11.2. Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
- 2.11.3. The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
- 2.11.4. Statements of the organization's mission and vision are well understood and supported by the Board.
- 2.11.5. The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
- 2.11.6. The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
- 2.11.7. The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
- 2.11.8. Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
- 2.11.9. The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
- 2.11.10. The board participates in a continuing education program to enhance its members' understanding of relevant risk, reporting, regulatory, and industry issues.
- 2.11.11. The board considers the quality and appropriateness of financial accounting and reporting, including the transparency of disclosures.
- 2.11.12. The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and The Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.
- 2.11.13. The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its Audit Committee).
- 2.11.14. Company has necessary Committees which are required and these Committees are working effectively.
- The evaluation is done in a three point scale i.e.
1. Below Expectations
  2. Meets Expectations
  - and
  3. Surpasses Expectations.
- 2.12. Separate meeting of the independent directors
- The independent directors held a separate meeting on 12<sup>th</sup> of March, 2015 without the attendance of the non-independent directors and members of the management. All the Independent directors were present at the meeting. The meeting approved the criteria laid down by the Nomination and Remuneration Committee for reviewing the performance of the non-Independent directors, and the Board as a whole.
- 2.13. The independent directors are eminent personalities having wide range of experience in the field of related business, industry, finance and administration.
- 2.14. Senior management personnel of the company make presentation to the Board on periodical basis, briefing them on the operations of the company, plans, strategy, risks involved, new initiatives, etc. and seek their guidance on the same. Also, the directors are briefed on their specific responsibilities and duties that arise from time to time. New directors are presented with a brief background of the company, its operations and is informed of the important policies of the company including the Code of Conduct for Directors and Senior Management Personnel, the Code for Prevention of Insider Trading and the various policies of the Company pertaining to Remuneration, Related Parties, Whistle Blower mechanism and Corporate Social Responsibility policy.
- 2.15. The Familiarization programme for the Independent Directors has been uploaded on the website of the Company and the web link to the same is: <http://www.pelgel.com/fpi.htm>

### 3. Audit committee

#### 3.1. Terms of reference

Audit committee reviews the audit reports submitted by the Internal Auditors and Statutory Auditors, Financial results, the effectiveness of the Internal Audit process, Management Discussion and Analysis report, Related Party Transactions, etc. These terms of reference are in line with the regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### 3.2. Role of Audit Committee includes

##### 3.2.1. 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.

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

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

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

##### 3.2.4.1. 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.

##### 3.2.4.2. Change, if any, in accounting policies and practices and reasons for the same.

##### 3.2.4.3. Major accounting entries involving estimates based on the exercise of judgment by management.

##### 3.2.4.4. Significant adjustments made in the financial statements arising out of audit findings.

##### 3.2.4.5. Compliance with listing and other legal requirements relating to financial statements.

##### 3.2.4.6. Disclosure of any related party transactions.

##### 3.2.4.7. Qualification in the draft audit report.

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

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

##### 3.2.7. 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

##### 3.2.8. Discussion with internal auditors of any significant findings and follow up thereon.

##### 3.2.9. 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

##### 3.2.10. 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.

##### 3.2.11. To look into reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders and creditors

##### 3.2.12. To review the functioning of the whistle blower mechanism

##### 3.2.13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### 3.3. Number of meetings held during the year

During the year the Committee held 4 meetings on May 24, 2014, August 13, 2014, November 6, 2014 and February 7, 2015.

#### 3.4. Composition, name of the members and attendance during the year:

Audit Committee consists of 4 Independent directors, all of whom are financially literate and some of them are from finance and accounting profession.

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. P.R. Tripathi	Chairman	4	4
Mr. Anilkumar Mehta	Member	4	3
Mr. K. Rama Rao	Member	4	4
Mr. Arun Kapoor	Member	3*	2

\*Mr. Arun Kapoor was co-opted as a Member of the Audit Committee from the 13<sup>th</sup> of August' 2014.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

#### 4. **Nomination and remuneration committee**

##### 4.1. Terms of reference

The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.

Brief description of the terms of reference is as follows:

4.1.1. Formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other Employees.

4.1.2. Formulation of criteria for evaluation of Independent Directors and the Board.

4.1.3. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

4.1.4. Devising a policy on Board Diversity.

##### 4.2. Number of meetings held during the year

During the year the Committee held 3 meetings on 24<sup>th</sup> of May, 2014, 06<sup>th</sup> of November, 2014 and 07<sup>th</sup> of February, 2015.

##### 4.3. Composition, name of the members and attendance during the year

The committee consists of 3 non-executive, independent directors

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. P.R. Tripathi	Chairman	3	3
Mr. Anilkumar Mehta	Member	3	2
Mr. K. Rama Rao	Member	3	3

##### 4.4. Remuneration to all the directors

S. no.	Name of the director	Salary & allowances	Benefits	Commission	Sitting fee as a director	Sitting fee as a committee member	Total
<b>Executive directors</b>							
1	Dr. A.N. Gupta	94.91	23.21	15.55	-	-	133.67
2	Mr. T.V. Chowdary	32.76	9.33	5.18	-	-	47.27
3	Dr. N.V. Srinivasa Rao	24.03	7.33	5.18	-	-	36.54
4	Col. Vikram Mahajan (from 06.11.2014)	7.85	1.33	2.07	-	-	11.25
	Mr. K. Chalil (till 30.09.2015)	16.38	12.48	2.60	-	-	31.46
<b>Sub total</b>		<b>175.93</b>	<b>53.68</b>	<b>30.58</b>	-	-	<b>260.19</b>

Non-executive directors							
5	Dr. (Mrs.) Kailash Gupta	-	-	-	0.80	1.30	2.10
6	Mr. Anilkumar Mehta	-	-	-	0.60	1.85	2.45
7	Mr. P.R. Tripathi	-	-	-	0.80	1.10	1.90
8	Mr. K. Rama Rao	-	-	-	0.80	0.90	1.70
9	Dr. A. Venkataraman	-	-	-	0.80	0.10	0.90
10	Mr. Arun Kapoor	-	-	-	0.40	0.30	0.70
Sub total		-	-	-	4.20	5.55	9.75
Total		175.93	53.68	30.58	4.20	5.55	269.94

4.5. Remuneration policy

4.5.1. Policy

The Company shall remunerate its directors, key managerial personnel, senior management, other employees and workers appropriately to retain and motivate them as well as to attract new talent when required.

4.5.2. Components of remuneration

Remuneration package shall include fixed component for all employees and variable component to the extent desirable and practicable.

4.5.3. Fixed remuneration

It shall be competitive and based on the individual's education, experience, responsibilities, performance, industry benchmark in the area, etc.

Fixed remuneration shall comprise of basic salary and other allowances like house rent allowance, conveyance allowance, etc. which are calculated as certain % 's of basic salary.

4.5.4. Variable remuneration

It is paid to encourage the employees to achieve set targets and variable remuneration shall be determined on the following basis:

Category	Nature	Basis of variable remuneration
Whole time Directors	Commission	X% of Profit in a year during the contract period (% as recommended by Board and approved by Shareholders)
Management Team (CFO, President, Vice President, Company Secretary, GM)	Profit sharing bonus	X% of Profit divided among them in proportion of their basic salary (% as decided by Committee of Whole time Directors)
Officers (Below GM level)	Profit sharing bonus	X% of Profit divided among them in proportion of their basic salary (Minimum period of services and other conditions for eligibility are decided by Committee of Whole time Directors)
Staff and Workers	Production incentive	Quantity of production and as per the Wage Agreement revised every 3 years at various work centres.

4.5.5. Statutory benefits

Employee benefits like Contribution to Provident Fund, Gratuity, Bonus, Employees State Insurance, Workmen Compensation, etc. is provided to all eligible employees.

## 4.5.6. Perquisites and other benefits

Perquisite	Amount
Reimbursement of medical expenses for self and family	Up to one month basic salary in a year to Whom ESI is not applicable
Mediclaime and personal accident insurance	Reasonable coverage to whom ESI is not applicable
Leave travel allowance	Workers - as per wage agreement Others - one month basic salary p.a.
Use of Company car with driver or reimbursement of driver salary, fuel, maintenance and insurance	For Directors-as recommended by Board and approved by Shareholders
Telephone at home, Club fee	
Gas, electricity, water, servant, security, gardener and soft furnishing. (Up to 10% of basic salary)	For Management team-as approved by Committee of Whole time Directors

## 4.5.7. Increments

Increments are made taking into account the individual performance, inflation and company performance.

Workers are given Variable Dearness Allowance as per Consumer Price Index semi-annually on 1<sup>st</sup> of April and 1<sup>st</sup> of October.

Wages of workers at Peddakandukuru are revised every 3 years as per the agreement between the management and unions.

Increments of other employees are made effective 1<sup>st</sup> April every year, as approved by Committee of Whole time Directors upon recommendation of heads of departments.

Mid-year increments are given in exceptional cases, as approved by CMD upon recommendation of concerned director and head of department.

## 4.5.8. Remuneration to independent and non-whole time directors

Remuneration consists of sitting fee in respect of the Board and Committee meetings attended, at the rates approved by the Board and within the applicable provisions of the Companies Act, 2013.

## 4.5.9. Service contracts, notice period and severance fees:

Executive directors have entered into a service contracts with the company. The tenure of the contract is three years. Reappointment is done by the Board based on the recommendation of the Nomination and Remuneration Committee. Notice period is as mutually agreed between the director and the Board.

None of the directors is eligible for severance pay.

## 5. Stakeholders relationship committee

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing Shareholders Grievance Committee as Stakeholders Relationship Committee.

## 5.1 Composition of the committee

The committee consists of 2 non-executive directors and one executive director. Chairman is a non-executive Independent director.

Mr. Anilkumar Mehta – Chairman (Non Executive, Independent Director)

Mr. T.V. Chowdary - Member (Executive Director)

Dr. (Mrs.) Kailash Gupta - Member (Non Executive Director)

## 5.2 Name and designation of the Compliance Officer

Ms. K. Vijayashree, Company Secretary

5.3 Shareholder's grievances

During the year under review, the Company received a total of 60 complaints from Shareholders and all were redressed to the satisfaction of the shareholders and no complaint was pending as on 31<sup>st</sup> of March, 2015.

5.4 Unclaimed dividend amounts

Pursuant to the provisions of Section 123 of the Companies Act, 2013, the dividend for the following years, which remain unclaimed for seven years, will be transferred to the Investor Education and Protection Fund (IEPF). Members who have not encashed the dividend warrant may do so, by writing to the Company Secretary, Premier Explosives Limited, 'Premier House', 11 Ishaq Colony, Near AOC Centre, Secunderabad - 500015.

Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates on which they are transferred to unpaid dividend account and no payment shall be made in respect of any such claims.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows:

Financial Year	Date of declaration of dividend	Amount outstanding as on 31.03.2015 (₹)	Due for transfer to IEPF on
2007-08	29.09.2008	2,15,676.00	07.10.2015
2008-09	30.09.2009	2,04,534.00	08.10.2016
2009-10	31.07.2010	2,38,047.42	07.09.2017
2010-11	18.07.2011	2,44,286.00	24.08.2018
2011-12	30.07.2012	3,28,945.74	05.09.2019
2012-13	08.08.2013	3,51,850.00	14.09.2020
2013-14	13.08.2014	3,82,789.80	19.09.2021

6. **Corporate social responsibility committee**

In terms of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee has been constituted with the following members:

6.1 Composition of the committee

- Mr. P.R. Tripathi, Chairman (Independent Director)
- Dr. (Mrs.) Kailash Gupta, Member (Non-executive, non-independent director)
- Mr. T. V. Chowdary, Member (Executive director)

6.2 Terms of reference of the committee are

- formulation of CSR Policy and recommend to the Board
- recommendation of annual CSR spending amount to the Board
- monitoring the CSR Policy from time to time

6.3 During the year the committee has met twice, i.e. on May 24, 2014 and November 6, 2014.

7. **Subsidiaries**

The company does not have any subsidiaries as on 31<sup>st</sup> of March, 2015.

8. **Risk management**

Your company recognizes Risk Management as a very important part of business and has kept in place necessary policies, procedures and mechanisms. The company proactively identifies monitors and takes precautionary and mitigation measures in respect of various risks that threaten the operations and resources of the company.



Your company has constituted a Risk Management Committee and formulated a policy on the Risk Management. Details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Risk Management Policy of the company is available at the link: <http://www.pelgel.com/prm.htm>

9. **CEO and CFO certification**

The CEO and CFO of the company have certified to the Board in relation to reviewing the financial statements and other information as mentioned in Para IX of Clause 49 of the Listing Agreement and the required certificate is appended.

10. **General body meetings**

Details of the last three AGMs are as follows:

Year	Date	Venue	Time	No. of special resolutions passed
2011-12	30.07.2012	Surana Udyog Auditorium, FAPCCI, 11-6-841,	11.00 a.m.	1
2012-13	08.08.2013		09.30 a.m.	4
2013-14	13.08.2014	Red Hills, Hyderabad -500004	10.00 a.m.	Nil

11. **Postal ballot resolutions**

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

12. **Disclosures**

12.1. **Related party transactions**

There are no materially significant related party transactions that may have potential conflict with the interests of Company at large.

Related party transactions entered during the year 2014-15 have been at Arm's length basis and reported in Form AOC-2 attached as Annexure-6 to the Board's Report.

The Company has also formulated a policy for determining the material related party transactions and the details of such policy are available on the Company's website at: <http://www.pelgel.com/prp.htm>

12.2. **Capital market compliances**

During the last three years, except levy of a penalty of ₹ 1,000 for one day delay in submitting compliance report for the quarter ended 31.12.2013 to stock exchange under para VI (ii) of clause 49 of listing agreement, there were no instances of on-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**

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. **Accounting treatment**

In preparation of financial statements, the company has followed the accounting principles generally accepted in India, including Accounting Standards specified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies which are consistently applied have been set out in the notes to the financial statements.

12.5. 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 in this report. The non mandatory requirements will be adopted on a need basis.

13. **Means of communication**

Quarterly, half yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in Business Standard (English) and Nava Telangana (Telugu). The results and are also made available on the Company's website, [www.pelgel.com](http://www.pelgel.com),

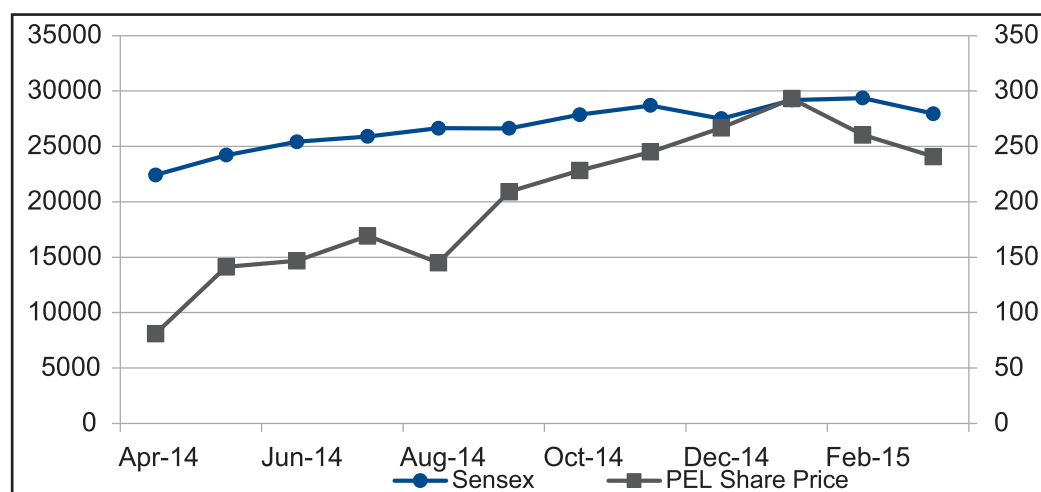
14. **General shareholder information**

14.1	35 <sup>th</sup> AGM, date, time and venue	Thursday, September 24, 2015, 9.30 a.m., Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad -500 004.
14.2	Financial Year	April 1, 2014 to March 31, 2015
14.3	Date of book closure	14 to 24 September, 2015 (Both days inclusive)
14.4	Expected date of payment of dividend	13 – 22 October, 2015
14.5	Listing on Stock Exchange	Bombay Stock Exchange
14.6	Stock Code	526247

14.7 Market price Data: High / Low during each month during the year 2014-15

	High	Low		High	Low
Apr-14	86.35	70.30	Oct-14	255.00	188.00
May-14	145.00	79.75	Nov-14	265.00	218.45
Jun-14	162.90	137.00	Dec-14	295.00	235.50
Jul-14	175.00	136.30	Jan-15	329.70	266.10
Aug-14	174.00	134.50	Feb-15	312.50	235.00
Sep-14	224.75	144.15	Mar-15	266.50	221.40

14.8 Share price movement of the Company in comparison to the BSE Sensex is as follows:



14.9 Registrar and share transfer agents

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No 31 & 32  
Financial District, Nanakramguda, Serilingampally Mandal  
Hyderabad – 500 032

## 14.10 Share transfer system

The Company's shares are under compulsory dematerialization category and the transfer of shares both in physical and Demat form are handled by the Registrar and Transfer Agent-Karvy Computershare Private Limited.

## 14.11 Distribution of shareholding as on 31.03.2015

Range	Cases	% of Cases	Amount (₹)	%
1 – 5,000	7,918	89.86	98,55,890	11.13
5,001 – 10,000	451	5.12	36,48,610	4.12
10,001 – 20,000	212	2.41	32,05,830	3.62
20,001 – 30,000	59	0.67	15,10,540	1.71
30,001 – 40,000	37	0.42	13,41,310	1.51
40,001 – 50,000	31	0.35	14,48,230	1.63
50,001 – 1,00,000	41	0.47	31,40,300	3.54
1,00,001 and above	62	0.70	6,44,35,040	72.74
<b>Total</b>	<b>8,811</b>	<b>100.00</b>	<b>8,85,85,750</b>	<b>100.00</b>

## 14.12 Dematerialization of shares and liquidity

The ISIN No. of the Company is: INE863B01011. As on 31<sup>st</sup> of March, 2015 the following number of shares are held in Demat and Physical mode-

Mode of holding	No. of holders	No. of shares	% to Equity
Physical	1,377	2,52,311	2.85
Demat	7,434	86,06,264	97.15
<b>Total</b>	<b>8,811</b>	<b>88,58,575</b>	<b>100.00</b>

## 14.13 There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments as on 31.03.2015.

## 14.14 Plant locations

Plant	Location
Detonators, Detonating fuse, Packaged explosives, Research centre for defence products, Solid propellants	Peddakandukur Village, Yadagirigutta Mandal, Nalgonda District, Telangana
Bulk explosives	1. C-16, MIDC, Gugus Road, Chandrapur, Maharashtra 2. Manuguru, Khammam District, Telangana 3. Plot No.42, Industrial Area, Udyog Deep, Waidhan, Sidhi District, Madhya Pradesh. 4. Godavarikhani, Karimanagar District, Telangana 5. 116, Melpathi, Mandarakuppam, Neyveli Block, 29 Cuddalore, Tamilnadu
Wind power	Pushpathur Village, palani Taluk, Dindigul District, Tamilnadu

## 14.15 Address for correspondence

Company Secretary & Compliance Officer  
Premier Explosives Limited,  
'Premier House', 11, Ishaq Colony  
Near AOC Centre, Secunderabad-500015, Telangana  
Ph: 040-66146801-3, Fax: 040-27843431

15. **Code of conduct**

A Code of conduct has been laid down for the Directors and the Senior Managerial Personnel of the company, which has also been published on the Company's website 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.

This report has been approved by the Board of Directors in its meeting held on 11.08.2015.

**For and on behalf of the Board**

**Secunderabad  
11.08.2015**

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

**Appendix to the report on corporate governance**

Details of directors seeking appointment / re-appointment at the Annual General Meeting

Particulars	Dr. A.N. Gupta	Dr. N.V. Srinivasa Rao	Col. Vikram Mahajan
Date of birth	14.04.1945	03.01. 1956	14.02.1960
Date of appointment	14.02.1980	27.04.2009	06.11. 2014
Qualifications	M.Sc. (Mining & Engineering), D.Sc. (honorary)	M.Sc., Ph.D. (Chemistry)	M. Tech. MBA in Marketing
Expertise in specific function areas	Heading the company, right from its inception, instrumental in its growth, with active involvement in product development and projects of defence supplies. He is a member of Society of Explosives Engineers, U.S.A and was Chairman of Explosives Development Council constituted by the Government of India and Chairman of Explosives Manufacturers Association of India	He has a Doctorate in chemistry with over 30 years of experience in the field of explosives and accessories and high energy materials	With 27 years of working with the Army, he has extensive knowledge about opportunities in defence sector.
Directorships held in other companies	Godavari Explosives Limited BF Premier Energy Systems Private Limited	Premier Wire Products Limited	Premier Wire Products Limited Godavari Explosives Limited
Memberships / Chairmanships of Committees of other companies (include only Audit Committee / Investor Grievances Committee)	None	None	None
No. of shares held in the company as on 31 <sup>st</sup> of March, 2015	24,79,039	7,550	25,163
Relationship with other directors	Dr. (Mrs.) Kailiash Gupta is his spouse	None	None

## Annexure-2 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 31<sup>st</sup> March, 2015, 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 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**

**Hyderabad  
11.08.2015**

**N. Anka Rao  
Partner  
Membership No. 23939**

## Annexure-3 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, Chief Financial Officer responsible for the finance function, hereby certify that

1. We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee
  - a) significant changes, if any, in internal control over financial reporting during the year
  - b) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements and
  - c) instances of significant fraud which we have become aware and the involvement therein, if any, of the management or any employee having significant role in the company's internal control system over financial reporting.

**Secunderabad  
11.08.2015**

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

**C. Subba Rao  
Chief Financial  
Officer**

## Annexure-4 to the Directors' Report

### Secretarial Audit Report

For the Financial Year Ended 31-03-2015

#### Form no MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To  
The Members  
Premier Explosives Limited  
Hyderabad

I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by PREMIER EXPLOSIVES LIMITED (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 ("Audit Period") according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment

and External Commercial Borrowings: *Not applicable during the audit period*

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: *Not applicable during the audit period*;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: *Not applicable during the audit period*;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: *Not applicable during the audit period*;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: *Not applicable during the audit period*;
- vi. The Company is into the business of manufacture and sale of industrial explosives, defence products and generation and sale of wind power. Accordingly, the following Major Industry specific Acts and Rules are applicable to the Company, in view of the Management:
  - a. The Explosives Act, 1884 and Rules and Notifications made there under



- b. The Electricity Act, 2003 and Rules and Regulations made thereunder
- vii. I, have also examined compliance with the applicable clauses of the following

- a. The Listing Agreement entered into with the Bombay Stock Exchange.
- b. Secretarial Standards were not considered in the Audit, as the same were not notified during the period considered for Audit.

During the period under review, the Company has generally complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc., subject to the following observation:

***The Remuneration paid to the Chairman and Managing Director, for the year 2014-15 is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act 2013 by ₹ 40,90,981/-.***

***Management Response in this regard had been that: the Company is in the process of seeking the approval of the Central Government in respect of the above said amount.***

3. I, further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and independent directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

- b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.

4. I, further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

5. I, further report that during the audit period

- a. The Company has allotted 5,00,000 equity shares of ₹ 10/-each at a price of ₹ 61.77 on preferential basis against the conversion of warrants issued to promoters and others and
- b. The Company has formed a joint venture Company in collaboration with Kalyan Strategic Systems Limited (Kalyani group), named BF PREMIER Energy Systems Private Limited on 09<sup>th</sup> March, 2015.

Place: Hyderabad  
Date : 11.08.2015

**K. V. Chalama Reddy**  
Practising Company Secretary  
M. No: 13951, C.P No: 5451

**Annexure-5 to the Directors' Report**

Information on Conservation of Energy, Technology absorption, Foreign exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo		
<b>A Conservation of energy (Form 'A')</b>	This is not applicable to the company	
<b>B Technology absorption (Form 'B')</b>		
a) Research & Development		
1. Specific areas in which R & D carried out by the company	Development of specialised high energy chemicals	
2. Benefits derived as a result of above R & D	Commercializing the in-house developed products	
3. Future plan of action	To continuously improve existing products and develop cost effective processes	
4. Expenditure on R & D (₹ in lakhs)	<b>2014-15</b>	<b>2013-14</b>
Capital	0.17	-
Recurring	73.87	69.15
Total	<b>74.04</b>	<b>69.15</b>
R & D expenditure as % of turnover	0.50%	0.48%
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	
<b>C Foreign exchange earnings and outgo (₹ in lakhs)</b>	<b>2014-15</b>	<b>2013-14</b>
Earnings	1049.03	1131.33
Outgo	97.75	128.77

For and on behalf of the Board

Secunderabad  
11.08.2015

Dr. A. N. Gupta  
Chairman & Managing Director

## Annexure-6 to the Directors' report

### Particulars of contracts or arrangements with related parties [section 188 (1)] in Form AOC-2 [Chapter IX - Rule 8.4]

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There were no materially significant related party transactions made by the company.

#### Form no. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

<b>1. Details of contracts or arrangements or transactions not at arm's length basis</b>	No such transactions
<b>2. Details of contracts or arrangements or transactions at arm's length basis</b>	
a) Name(s) of the related party and nature of relationship	Premier Wire Products Limited, an associate of Premier Explosives Limited
b) Nature of contracts/arrangements/transactions	A. Purchase of GI wire B. Job work for manufacture of PVC plugs
c) Duration of the contracts / arrangements/ transactions	April 2014 – March 2015
d) Salient terms of the contracts or arrangements or transactions including the value, if any	Apr 2014 – Sep 2014 (Ratified by Audit Committee) A. Purchase of GI wire: ₹ 56.94 lakhs B. Job work of PVC plugs: ₹ 1.36 lakhs Oct 2014 – Mar 2015 (Approved by Audit Committee) A. Purchase of GI wire: ₹ 89.87 lakhs B. Job work of PVC plugs: ₹ 1.22 lakhs
e) Date(s) of approval by the Board, if any	Not applicable
f) Amount paid as advances, if any	NIL

## Annexure-7 to the Directors' report

### Annual report on corporate social responsibility (CSR) activities

#### 1. A brief outline of the company's CSR policy

The Board has formulated a CSR policy with the main objective that "The company shall undertake the CSR activities that help the surrounding communities, possible within its means and meeting regulatory requirements."

Details of the policy can be seen at the company's website: <http://www.pelgel.com/codconcsr.htm>

#### 2. Composition of CSR committee

The Board has appointed a CSR Committee with the following directors as the members of the committee:

- Mr. P.R. Tripathi, Chairman (Independent director)
- Dr. (Mrs.) Kailash Gupta, Member (Non-executive, non-independent director)
- Mr. T. V. Chowdary, Member (Executive director)

#### 3. Average net profit for the last three financial years

Average net profit for the last 3 financial years as calculated u/s 198 (1) of the Companies Act, 1956 is ₹ 1481.44 lakhs.

#### 4. CSR expenditure prescribed for 2014-15

Minimum amount to be spent on CSR activities for the year 2014-15 as calculated u/s 135(5) of the Companies Act, 2013, being 2% of the average net profit for last 3 years, is ₹ 29.63 lakhs.

#### 5. Details of CSR spend for 2014-15

- Total amount spent: ₹ 29.70 lakhs
- Amount unspent : NIL
- Manner the amount has been spent (₹ in lakhs)

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
1	Mobile medical unit attending to elderly people	Health care	10 villages in Yadagirigutta mandal, Nalgonda district, Telangana (nearby the factory)	20.00	21.19	21.19	Through Helpage India
2	Stipend to research students	Education	Gulbarga University and Peddakandukur	3.00	2.90	2.90	Through Gulbarga University
3	Support to schools and merit scholarships	Education	4 villages in Yadagirigutta mandal (nearby the factory)	1.00	0.91	0.91	Directly by company
4	Education of tribal orphan girls	Education	Chinnaburugulaput village, Visakhapatnam district, Andhra Pradesh	-	1.00	1.00	Through Tribal Educational and Rural Development Society

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
5	Donation to Army Central Welfare Fund	Benefit of armed forces veterans, war widows and their dependents	India	-	2.00	2.00	Through Army Central Welfare Fund
6	Donation to PM National Relief Fund	Others	India	2.00	1.70	1.70	Through Prime Minister's National Relief Fund
7	Others	Others	India	3.63	-	-	-
	<b>Total</b>			<b>29.63</b>	<b>29.70</b>	<b>29.70</b>	

We hereby affirm that the implementation and monitoring of the CSR project / activities is in compliance with the CSR objectives and CSR policy of the company.

Secunderabad  
11.08.2015

P.R. Tripathi  
Chairman of the CSR Committee

T.V. Chowdary  
Executive Director

## Annexure-8 to the Directors' report

Summary of awareness programme and complaints prepared in terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013

	First calendar year (09.05.2014 to 31.12.2014)	From 01.01.2015 till date of the report
No. of complaints of sexual harassment received during the year	Nil	1
No. of complaints disposed off during the year	Nil	1
No. of cases pending for more than 90 days	Nil	Nil
No. of workshops or awareness programmes carried out against sexual harassment	3	1
Nature of action taken by the employer or district officer	N.A	<p>On a complaint received from a woman employee, the Sub-Committee at the Company's unit at SHAR, Sriharikota, enquired into it.</p> <p>After establishing the facts the committee, in its report, recommended termination of service of the respondent.</p> <p>The Management agreed with the report and terminated the service of the respondent.</p>



## Annexure-9 to the Directors' Report

Form no. MGT-9

Extract of the annual return for the year ended 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I Registration and other details

1	CIN	L24 110 TG 1980 PLC 022633
2	Registration Date	14-Feb-1980
3	Name of the Company	Premier Explosives Limited
4	Category / Sub-Category of the Company	Company having share capital
5	Address of the Registered office and contact details	"Premier House" 11- Ishaq Colony (near AOC Centre) Secunderabad - 500 015 Telangana, India Tel: 040-66146801, Fax: 040-27843431
6	Whether listed company Yes / No	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Plot no. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081

### II Principal business activities of the company

Name and description of main products / services		NIC code of the product / service	Turnover (₹ in lakhs)	%
High energy materials	Explosives	318103000	7384.11	49.56
	Detonators, Propellants, etc.	318105000	5830.66	39.13
	Services	33190	1576.28	10.58
	<b>Sub total</b>		<b>14791.05</b>	<b>99.27</b>
Others	Wind Power	35106	45.88	0.31
	Traded Items		62.52	0.42
	<b>Sub total</b>		<b>108.40</b>	<b>0.73</b>
	<b>Total</b>		<b>14899.45</b>	<b>100.00</b>

### III Particulars of holding, subsidiary and associate companies

No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1	Premier Wire Products Limited	U74990TG2007PLC055427	Associate	25.71% of equity shares and 100% of preference shares	2(6)

#### IV Share holding pattern

##### IV A. Category-wise shareholding

Category of Shareholders	No. of shares held at beginning of the year				No. of Shares held at end of the year				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A Promoters</b>									
1 Indian									
a Individual/HUF	35,34,908	2,21,000	37,55,908	44.93	41,97,908	-	41,97,908	47.39	2.46
b Central Govt	-	-	-	-	-	-	-	-	-
c State Govt	-	-	-	-	-	-	-	-	-
d Bodies Corporate	-	-	-	-	-	-	-	-	-
e Bank/FI	-	-	-	-	-	-	-	-	-
f Others	-	-	-	-	-	-	-	-	-
<b>Sub total (A)(1)</b>	<b>35,34,908</b>	<b>2,21,000</b>	<b>37,55,908</b>	<b>44.93</b>	<b>41,97,908</b>	<b>-</b>	<b>41,97,908</b>	<b>47.39</b>	<b>2.46</b>
2 Foreign									
a NRI Individuals	-	-	-	-	-	-	-	-	-
b Other Individuals	-	-	-	-	-	-	-	-	-
c Bodies corporate	-	-	-	-	-	-	-	-	-
d Banks/FI	-	-	-	-	-	-	-	-	-
e Others	-	-	-	-	-	-	-	-	-
<b>Sub total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of promoters (A) = (A)(1) + (A)(2)</b>	<b>35,34,908</b>	<b>2,21,000</b>	<b>37,55,908</b>	<b>44.93</b>	<b>41,97,908</b>	<b>-</b>	<b>41,97,908</b>	<b>47.39</b>	<b>2.46</b>
<b>B Public</b>									
1 Institutions									
a Mutual funds	-	1,200	1,200	0.01	81,446	1,200	82,646	0.93	0.92
b Banks/FI	-	100	100	-	1,100	100	1,200	0.01	0.01
c Central govt.	-	-	-	-	-	-	-	-	-
d State Govt.	-	-	-	-	-	-	-	-	-
e Venture Capital Fund	-	-	-	-	-	-	-	-	-
f Insurance Companies	-	-	-	-	-	-	-	-	-
g FIs	-	-	-	-	18,269	-	18,269	0.21	0.21
h Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
e Others	-	-	-	-	-	-	-	-	-
<b>Sub total (B)(1)</b>	<b>-</b>	<b>1,300</b>	<b>1,300</b>	<b>0.02</b>	<b>1,00,815</b>	<b>1,300</b>	<b>1,02,115</b>	<b>1.15</b>	<b>1.13</b>

2	<b>Non institutions</b>									
a	Bodies corporate									
	Indian	4,71,223	8,901	4,80,124	5.74	5,04,854	8,901	5,13,755	5.80	0.06
	Foreign	-	-	-	-	-	-	-	-	-
b	Individuals									
	Individual shareholders holding nominal share capital upto ₹ 1 lakh	14,67,350	2,46,928	17,14,278	20.51	19,36,868	2,42,110	21,78,978	24.60	4.09
	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	18,93,527	10,000	19,03,527	22.77	13,95,098	-	13,95,098	15.75	(7.02)
c	Others									
	NRI's	491,987	-	491,987	5.89	457,976	-	4,57,976	5.17	(0.72)
	Clearing Members	11,251	-	11,251	0.13	12,745	-	12,745	0.14	0.01
	Trusts	200	-	200	0.00	-	-	-	-	-
	<b>Sub total (B)(2)</b>	<b>43,35,538</b>	<b>2,65,829</b>	<b>46,01,367</b>	<b>55.05</b>	<b>43,07,541</b>	<b>251,011</b>	<b>45,58,552</b>	<b>51.46</b>	<b>(3.59)</b>
	<b>Total public shareholding (B) = (B)(1) + (B)(2)</b>	<b>43,35,538</b>	<b>2,67,129</b>	<b>46,02,667</b>	<b>55.07</b>	<b>44,08,356</b>	<b>252,311</b>	<b>46,60,667</b>	<b>52.61</b>	<b>(2.46)</b>
C	Shares held by custodians for GDR's & ADR's	-	-	-	-	-	-	-	-	-
	<b>Grand total (A+B+C)</b>	<b>78,70,446</b>	<b>4,88,129</b>	<b>83,58,575</b>	<b>100.00</b>	<b>86,06,264</b>	<b>2,52,311</b>	<b>88,58,575</b>	<b>100.00</b>	<b>-</b>

## IV B. Shareholding of promoters

	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to the total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to the total shares	
1	Amarnath Gupta	13,93,145	16.67	-	24,79,039	27.99	-	11.32
2	Amarnath Gupta (HUF)	5,68,697	6.80	-	6,56,697	7.41	-	0.61
3	Kailash Gupta	9,22,172	11.03	-	10,62,172	11.99	-	0.96
4	Shonika Gupta	7,89,581	9.45	-	-	-	-	(9.45)
5	Mahek Prasad	82,313	0.98	-	-	-	-	(0.98)
	<b>Total</b>	<b>37,55,908</b>	<b>44.93</b>	<b>-</b>	<b>41,97,908</b>	<b>47.39</b>	<b>-</b>	<b>2.46</b>

## IV C. Change in promoters' shareholding

No.	Name of the promoter	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	Amarnath Gupta	13,93,145	16.67	12.07.2014	2,14,000	Preferential allotment	16,07,145	18.14
				30.09.2014	7,89,581	Inter se-promoter transfer by gift	23,96,726	27.05
				30.09.2014	82,313		24,79,039	27.99
2	Amarnath Gupta (HUF)	5,68,697	6.80	12.07.2014	88,000	Preferential allotment	6,56,697	7.41
3	Kailash Gupta	9,22,172	11.03	12.07.2014	1,40,000	Preferential allotment	10,62,172	11.99
4	Shonika Gupta	7,89,581	9.45	30.09.2014	(789,581)	Inter se-promoter transfer by gift	-	-
5	Mahek Prasad	82,313	0.98	30.09.2014	(82,313)	Inter se-promoter transfer by gift	-	-

Note: Total no. of shares increased from 83,58,575 on 01.04.2014 to 88,58,575 on 12.07.2014 with allotment of 5,00,000 shares upon conversion of warrants.

## IV D. Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDR's and ADRs)

No.	Name of the shareholder	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	Atim Kabra	4,06,291	4.86	-	-	-	4,06,291	4.59
2	Shivan T Trivedi	3,50,405	4.19	04.04.2014	863	Buy	3,51,268	4.20
				06.06.2014	18,310	Buy	3,69,578	4.42
				18.07.2014	8,244	Buy	3,77,822	4.26
				30.09.2014	(8,244)	Sale	3,69,578	4.17
				28.11.2014	(30,050)	Sale	3,39,528	3.83
				16.01.2015	(651)	Sale	3,38,877	3.82
				23.01.2015	(7,120)	Sale	3,31,757	3.74
				30.01.2015	(9,106)	Sale	3,22,651	3.64
				20.02.2015	(8,887)	Sale	3,13,764	3.54
				27.02.2015	(7,003)	Sale	3,06,761	3.46
				06.03.2015	(21,715)	Sale	2,85,046	3.22
				20.03.2015	(29,966)	Sale	2,55,080	2.88
				27.03.2015	(38,573)	Sale	2,16,507	2.44
				31.03.2015	(1,706)	Sale	2,14,801	2.42

3	Gandhi Securities & Investments Pvt. Ltd.	132,500	1.59	-	-	-	1,32,500	1.50
4	Vijay Kishanlal kedia	-	-	30.09.2014	100,000	Buy	1,00,000	1.13
5	Shaktiprasad Kailwoo	92,500	1.11	-	-	-	92,500	1.04
6	Manish Satyanarayn Nuwal	113,051	1.35	25.07.2014	(35,000)	Sale	78,051	0.88
				01.08.2014	(10,334)	Sale	67,717	0.76
				08.08.2014	(26,084)	Sale	41,633	0.47
7	Finquest Securities Pvt. Ltd.	86,127	1.03	08.08.2014	(14,240)	Sale	71,887	0.81
				05.09.2014	(71,887)	Sale	-	-
8	Abhish Kumar	85,150	1.02	31.10.2014	(5,000)	Sale	80,150	0.90
				16.01.2015	3,755	Buy	83,905	0.94
				23.01.2015	(3,755)	Sale	80,150	0.90
9	Bharat Jayantilal Patel	81,628	0.97	20.06.2014	(12,500)	Sale	69,128	0.83
				15.08.2014	(7,299)	Sale	61,829	0.70
				19.09.2014	(35,086)	Sale	26,743	0.30
				30.09.2014	(10,000)	Sale	16,743	0.19
				31.10.2014	(15,000)	Sale	1,743	0.02
10	Dolly Khanna	74,679	0.89	02.05.2014	1,000	Buy	75,679	0.90
				09.05.2014	1,000	Buy	76,679	0.91
				16.05.2014	2,000	Buy	78,679	0.94
				23.05.2014	17,620	Buy	96,299	1.15
				30.05.2014	8,500	Buy	1,04,799	1.25
				06.06.2014	2,500	Buy	1,07,299	1.28
				13.06.2014	4,000	Buy	1,11,299	1.33
				30.06.2014	1,975	Buy	1,13,274	1.35
				25.07.2014	2,900	Buy	1,16,174	1.31
				31.10.2014	(1,000)	Sale	1,15,174	1.30
				07.11.2014	(1,000)	Sale	1,14,174	1.29
				21.11.2014	(2,000)	Sale	1,12,174	1.26
				28.11.2014	(2,000)	Sale	1,10,174	1.24
				12.12.2014	(2,000)	Sale	1,08,174	1.22
				19.12.2014	(1,000)	Sale	1,07,174	1.21
				31.12.2014	(4,000)	Sale	1,03,174	1.16
				02.01.2015	(1,000)	Sale	1,02,174	1.15
				16.01.2015	(2,000)	Sale	1,00,174	1.13
				23.01.2015	(2,000)	Sale	98,174	1.11
				30.01.2015	(1,000)	Sale	97,174	1.10
				13.02.2015	(5,000)	Sale	92,174	1.04
				27.02.2015	(5,000)	Sale	87,174	0.98
				20.03.2015	(1,000)	Sale	86,174	0.97
				27.03.2015	(1,000)	Sale	85,174	0.96

Note: Total no. of shares increased from 83,58,575 on 01.04.2014 to 88,58,575 on 12.07.2014 with allotment of 5,00,000 shares upon conversion of warrants.

## IV E. Shareholding of directors and key managerial personnel

No.	Director / KMP	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company

**Directors**

1	AN Gupta	13,93,145	16.67	12.07.2014	2,14,000	Preferential allotment	16,07,145	18.14
				30.09.2014	7,89,581	Inter se-promoter transfer by gift	23,96,726	27.05
				30.09.2014	82,313		24,79,039	27.99
2	Kailash Gupta	9,22,172	11.03	12.07.2014	140,000	Preferential allotment	10,62,172	11.99
3	T.V. Chowdary	5,000	0.06	12.07.2014	20,000	Preferential allotment	25,000	0.28
4	N.V. Srinivasa Rao	50	0.00	12.07.2014	7,500	Preferential allotment	7,550	0.09
5	Vikram Mahajan	5,163	0.06	12.07.2014	20,000	Preferential allotment	25,163	0.28
6	AnilKumar Mehta	3,500	0.04	11.04.2014	3	Buy	3,503	0.04
				02.05.2014	497	Buy	4,000	0.05
7	P.R. Tripathi	-	-	-	-	-	-	-
8	A. Venkataraman	-	-	-	-	-	-	-
9	K. Rama Rao	-	-	-	-	-	-	-
10	Arun Kapoor	-	-	-	-	-	-	-

**KMP**

11	C. Subba Rao (CFO)	-	-	12.07.2014	2,000	Preferential allotment	2,000	0.02
12	Avinansh Kumar Singh (Company Secretary)	-	-	-	-	-	-	-

Note: Total no. of shares increased from 83,58,575 on 01.04.2014 to 88,58,575 on 12.07.2014 with allotment of 5,00,000 shares upon conversion of warrants.

**V Indebtedness including interest outstanding / accrued but not due for payment (₹ in lakhs)**

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>At beginning of the financial year</b>				
i) Principal Amount	585.11	326.72	411.43	1323.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	14.72	62.99	77.71
<b>Total (i + ii + iii)</b>	<b>585.11</b>	<b>341.44</b>	<b>474.42</b>	<b>1400.97</b>
<b>Change during the financial year</b>				
Addition	541.91	878.41	-	1420.32
(Reduction)	-	( 322.60)	(474.42)	( 797.02)
<b>Net Change</b>	<b>541.91</b>	<b>555.81</b>	<b>(474.42)</b>	<b>623.30</b>
<b>At end of the financial year</b>				
i) Principal Amount	1127.02	867.30	-	1994.32
ii) Interest due but not paid	-	29.95	-	29.95
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>1127.02</b>	<b>897.25</b>	<b>-</b>	<b>2024.27</b>

**VI Remuneration of directors and key managerial personnel****A. Remuneration to MD and WTD**

(₹ in lakhs)

No.	Remuneration	A.N. Gupta (CMD)	T.V. Chowdary (Executive Director)	N.V. Srinivasa Rao (Director Production)	Vikram Mahajan (Director Marketing) from 06.11.2014	K. Chalil (Director Marketing) till 30.09.2014	Total
1	<b>Gross salary as per provisions of the Income Tax Act, 1961</b>						
	Salary u/s 17(1)	110.97	39.57	29.51	8.58	27.60	216.23
	Perquisites u/s 17(2)	7.15	2.52	1.85	0.60	1.26	<b>13.38</b>
	Profits in lieu of salary u/s 17(3)	-	-	-	-	-	-
2	<b>Stock option</b>	-	-	-	-	-	-
3	<b>Sweat equity</b>	-	-	-	-	-	-
4	<b>Commission</b>						
	as % of profit	15.55	5.18	5.18	2.07	2.60	<b>30.58</b>
	others	-	-	-	-	-	-
5	Others	-	-	-	-	-	-
<b>Total</b>		<b>133.67</b>	<b>47.27</b>	<b>36.54</b>	<b>11.25</b>	<b>31.46</b>	<b>260.19</b>
Ceiling as per the Act		92.76	47.27	36.54	11.25	31.46	<b>219.28</b>



**B. Remuneration to other directors**

(₹ in lakhs)

No.	Remuneration	Anil Kumar Mehta	P.R. Tripathi	A. Venkata raman	K. Rama Rao	Arun Kapoor	Kailash Gupta	Total
1	<b>Independent directors</b>							
	Fee for attending Board / Committee meetings	2.45	1.90	0.90	1.70	0.70	-	7.65
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>2.45</b>	<b>1.90</b>	<b>0.90</b>	<b>1.70</b>	<b>0.70</b>	<b>-</b>	<b>7.65</b>
2	<b>Other non-executive directors</b>							
	Fee for attending Board / Committee meetings	-	-	-	-	-	2.10	2.10
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.10</b>
	<b>Total (1+2)</b>	<b>2.45</b>	<b>1.90</b>	<b>0.90</b>	<b>1.70</b>	<b>0.70</b>	<b>2.10</b>	<b>9.75</b>

Total managerial remuneration: ₹ 269.94 lakhs

Overall ceiling as per the Act: ₹ 229.03 lakhs

**C. Remuneration to KMP other than MD and WTD (₹ in lakhs)**

No.	Remuneration	C. Subba Rao CFO	Avinash Kumar Singh Company Secretary till 20.03.2015	Total
1	<b>Gross salary as per provisions of the Income Tax Act, 1961</b>			
	a) Salary u/s 17(1)	24.25	7.83	32.08
	b) Value of perquisites u/s 17(2)	-	-	-
	c) Profits in lieu of salary u/s 17(3)	-	-	-
2	<b>Stock option</b>	-	-	-
3	<b>Sweat equity</b>	-	-	-
4	<b>Commission</b>			
	as % of profit	-	-	-
	others	-	-	-
5	<b>Others</b>	-	-	-
	<b>Total</b>	<b>24.25</b>	<b>7.83</b>	<b>32.08</b>

## VII Penalties, Punishments, Compounding of offences

No.	Type	Section of the Companies Act	Brief description	Details of Penalties, Punishments, Compounding fee imposed	Authority (RD / NCLT / Court, etc.)	Appeal made, if any
1	<b>Company</b>					
	Penalty			None		
	Punishment					
	Compounding					
2	<b>Directors</b>					
	Penalty			None		
	Punishment					
	Compounding					
3	<b>Other officers</b>					
	Penalty			None		
	Punishment					
	Compounding					

## Annexure-10 to the Directors' Report

## Particulars of remuneration and other disclosures

**A. Information as per Rule 5(1) of Chapter XIII of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- Ratio of remuneration of the directors and key managerial personnel to the median remuneration of the employees of the company

	Name	Designation	Amount of remuneration paid for the year (₹ in lakhs)		Increase (₹ in lakhs)	Increase %	Ratio to median remuneration of employees
			2014-15	2013-14			
1	A.N. Gupta	CMD	133.67	128.99	4.68	3.63	61.91
2	T.V. Chowdary	Executive Director	47.27	43.77	3.50	7.99	21.89
3	N.V. Srinivasa Rao	Director - Production	36.54	34.23	2.31	6.75	16.92
4	Vikram Mahajan (from 06.11.2014)	Director - Marketing	11.25	N.A	N.A	N.A	12.91
5	K. Chalil (till 30.09.2014)	Director - Marketing	31.46	40.87	N.A	N.A	22.76
6	C. Subba Rao	CFO (KMP)	24.25	19.66	4.59	23.34	10.85
7	Avinash Kumar Singh (till 20.03.2015)	CS (KMP)	7.83	5.87	1.96	33.39	3.40

- Median remuneration of the employees was ₹ 2.16 lakhs during the 2014-15 and ₹ 2.02 lakhs during 2013-14.
- Median remuneration of employees during 2014-15 has increased by 7% compared to 2013-14.
- Number of permanent employees on the rolls of the company as on 31.03.2015 was 1,173 (1,148 as on 31.03.2014).
- Revenue growth during the year 2014-15 over the year 2013-14 was 3% and the net profit came down by 42%. Average remuneration of the employees grew by 8% over the previous year and that of the whole time director's and key managerial personnel grew by 7%. This was based on the recommendations of the Nomination and Remuneration Committee.
- Variations in the market capitalization and price earnings ratio as at the closing date of the current financial year and previous financial year are as follows:

Particulars	31.03.2015	31.03.2014	Change
No. of shares	88,58,575	83,58,575	5.98%
Price (₹)	240.80	78.00	208.72%
Market capitalisation (₹ in crores)	213.31	65.20	227.19%
Basic EPS (₹)	6.10	11.25	-45.78%
Price / Earnings ratio	39.48	6.93	469.36%

7. Variation in the market price of the company shares in comparison to the price of the last public issue of shares are as follows:

	Particulars	Date	Price (₹)
A	Public issue of shares	18.11.1993	15.00
B	Market price at the end of financial year	31.03.2015	240.80
C	Change		1505.33%

8. Company's variable compensation for managerial personnel is fixed to make it competitive and retaining the best talent in future. Remuneration payable to the whole time directors includes commission which varies based upon the profits of the company.
9. During the year, there were no employees who were not directors and who received remuneration higher than the highest paid director.

**B. Information as per Rule 5(2) of Chapter XIII of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- a. Particulars of employees who were in receipt of remuneration not less than ₹ 60 lakhs per annum or ₹ 5 lakhs per month during the year 2014-15

1	Name	Dr. A.N. Gupta
2	Designation	Chairman and Managing Director
3	Remuneration	₹ 133.67 lakhs
4	Nature of employment, whether contractual or otherwise	Contractual
5	Qualifications and experience	M.Sc., D.Sc.; 48 years
6	Date of commencement of employment	14.02.1980
7	Age	70 years
8	Last employment and designation	I.E.L. Limited, Area Sales Manager
9	% of equity shares held	27.98%
10	Relationship to any other director	Dr. (Mrs.) Kailash Gupta is his wife

- b. During the year under review, there was no employee in receipt of remuneration which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director and holds by himself or along with his/her spouse and dependent children, not less than two percent of the equity shares of the company.

## Independent Auditor's Report

To  
The Members of Premier Explosives Limited

### Report on the financial statements

We have audited the accompanying financial statements of **Premier Explosives Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### Emphasis of matter

We draw attention to Note No. 29.2.8 to the financial statements. As referred to in this note, the managerial remuneration paid to the Chairman and Managing Director for the year ended 31<sup>st</sup> March, 2015 is in excess of the limits laid down under Section 197 read with Schedule V of the Act by ₹ 40.91 Lakhs. In this regard we have been informed by the Management of the Company that they are in the process of seeking approval from the Central Government in respect of the above said amount.

Our opinion is not modified in respect of this matter.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.29.2.4 to the financial statements;
    - ii. The Company did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at 31<sup>st</sup> March, 2015;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2015.

**For P V R K NAGESWARA RAO & CO.**  
Chartered Accountants  
Firm's Registration Number: 002283S

HYDERABAD  
20.05.2015

**N. ANKA RAO**  
Partner  
Membership Number: 23939

## Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date

- 1 (a) The company has maintained proper records showing full particulars including quantitative details except situation of Fixed Assets.
- (b) 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.
- 2 (a) The inventories 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 The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- 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 and 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 and fixed assets and for the sale of goods and services.
- 5 The Company has not accepted any deposits from the public during the year. The Company has complied with the provisions of Sub-section (1) of Section 74 of the Act

with regard to repayment of deposits accepted before commencement of the Act. 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.

- 6 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 Sub-section (1) of Section 148 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.
- 7 (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, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on 31<sup>st</sup> March, 2015 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 income tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which has not been deposited on account of dispute as on 31<sup>st</sup> March, 2015, except central sales tax the details of which are as given below:

Name of the Statute	Nature of the dues	Year to which it relates	Amount Rs.	Forum where dispute is pending
Central Sales Tax	Sales Tax	2007-08	1,51,30,507/-	Honourable High Court of Andhra Pradesh

- (c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.



- 8 The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 9 According to the records of the Company, during the year the Company has not defaulted in repayment of dues to financial institutions or bank. There was no amount raised by the Company through the issue of Debentures.
- 10 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- 11 In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- 12 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted practices in India and according to the information and explanations given to us we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

**For P V R K NAGESWARA RAO & CO.**  
Chartered Accountants  
Firm's Registration Number: 002283S

**N. ANKA RAO**  
Partner  
Membership Number: 23939

HYDERABAD  
20.05.2015

## Balance Sheet as at 31st March, 2015

		(₹ in lakhs)	
Particulars	Note no.	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	1	885.86	835.86
Reserves and surplus	2	5,305.00	4,809.80
Money received against share warrants		-	77.21
		6,190.86	5,722.87
<b>Non-current liabilities</b>			
Long-term borrowings	3	62.50	286.32
Deferred tax liabilities (net)	4	587.27	638.59
Other long-term liabilities	5	75.97	103.98
Long-term provisions	6	177.55	124.80
		903.29	1,153.69
<b>Current liabilities</b>			
Short-term borrowings	7	1,781.82	737.82
Trade payables	8	814.31	811.95
Other current liabilities	9	1,276.32	1,897.82
Short-term provisions	10	359.85	408.69
		4,232.30	3,856.28
<b>Total</b>		<b>11,326.45</b>	<b>10,732.84</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		4,094.23	4,113.26
Intangible assets		4.14	1.37
Net block		4,098.37	4,114.63
Capital work in progress		41.40	166.17
		4,139.77	4,280.80
Non-current investments	12	520.00	520.00
Long-term loans and advances	13	168.55	283.54
Other non-current assets	14	161.38	124.33
		4,989.70	5,208.67
<b>Current assets</b>			
Inventories	15	2,414.33	1,838.16
Trade receivables	16	3,336.08	2,949.91
Cash and bank balances	17	253.00	261.59
Short-term loans and advances	18	313.57	359.29
Other current assets	19	19.77	115.22
		6,336.75	5,524.17
<b>Total</b>		<b>11,326.45</b>	<b>10,732.84</b>
<b>Summary of significant accounting policies and other explanatory information</b>	29		

Per our report of even date

For P.V.R.K. Nageswara Rao &amp; Co.

Chartered Accountants

Firm's Registration Number: 0022835

N. Anka Rao

Partner

Membership Number: 23939

Secunderabad

20.05.2015

C. Subba Rao

Chief Financial Officer

K. Vijayashree

Company Secretary

For and on behalf of the Board

Dr. A.N. Gupta

Chairman and Managing Director

T.V. Chowdary

Executive Director

## Statement of Profit and Loss for the year ended 31st March, 2015

(₹ in lakhs)			
Particulars	Note no.	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Revenue</b>			
Revenue from operations			
Sale of products		14,613.07	14,234.10
Sale of traded goods		150.99	178.39
Sale of services	20	1,576.28	1,468.92
Other operating revenues	21	49.71	69.35
		16,390.05	15,950.76
Less: Excise duty		1,440.89	1,410.38
		14,949.16	14,540.38
Other income	22	74.04	140.67
Total revenue		15,023.20	14,681.05
<b>Expenses</b>			
Cost of raw materials consumed	23	8,127.21	7,135.47
Purchase of stock in trade		123.72	174.89
Changes in inventories of finished goods, work-in-progress and scrap	24	(289.86)	(10.38)
Employee benefits expense	25	3,557.53	3,485.68
Finance costs	26	236.08	236.15
Research and development expenses	27	73.87	69.15
Depreciation (net) and amortisation expense		330.07	235.22
Other expenses	28	2,102.35	2,059.37
Total expenses		14,260.97	13,385.55
<b>Profit before tax</b>		762.23	1,295.50
<b>Tax expense</b>			
Current tax		255.00	325.00
Deferred tax		(16.04)	76.03
Income tax adjustments		(8.78)	(26.84)
		230.18	374.19
<b>Profit after tax</b>		532.05	921.31
<b>Earnings per equity share</b>			
(Face value: ₹10/- per share)			
Basic - ₹		6.10	11.25
Diluted - ₹		6.10	11.17
<b>Summary of significant accounting policies and other explanatory information</b>	29		

Per our report of even date

For P.V.R.K. Nageswara Rao &amp; Co.

Chartered Accountants

Firm's Registration Number: 002283S

For and on behalf of the Board

N. Anka Rao

Partner

Membership Number: 23939

C. Subba Rao  
Chief Financial OfficerDr. A.N. Gupta  
Chairman and Managing DirectorSecunderabad  
20.05.2015K. Vijayashree  
Company SecretaryT.V. Chowdary  
Executive Director

## Cash flow statement for the year ended 31st March, 2015

(₹ in lakhs)

Particulars		For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>A</b>	<b>Net cash flow from operating activities</b>		
	Net profit after exceptional items and before tax	762.23	1,295.50
	Adjustments for		
	Depreciation	330.07	235.22
	Interest expense	193.69	176.76
	Interest income	(26.87)	(20.09)
	Dividend on non-current investment	(13.03)	-
	Book deficit on assets discarded	2.92	-
	Loss on sale of assets (net)	1.01	0.12
	Loss on sale of investments	-	68.45
	Provision for diminution in book value of investments no longer required, written back	-	(68.45)
	Unrealised foreign exchange variation	(1.19)	1.25
	Operating profit before working capital changes	1,248.83	1,688.76
	Adjustments for		
	(Increase) in inventories	(576.17)	(155.41)
	(Increase) in trade receivables	(385.38)	(1,203.93)
	Decrease in long-term loans and advances	22.40	12.88
	(Increase)/decrease in other non-current assets	32.97	(76.81)
	Decrease in short-term loans and advances	45.72	20.48
	(Increase) in other current assets	92.31	(71.42)
	Increase in trade payables	2.44	104.67
	Increase/(decrease) in other current liabilities	(472.33)	514.12
	Increase/(decrease) in short-term provisions	3.31	(47.23)
	Increase in long-term provisions	52.75	39.84
	(Decrease) in other long-term liabilities	-	(3.50)
	Cash generated from operations	66.85	822.45
	Income tax paid	(257.15)	(213.89)
	<b>Total</b>	<b>(190.30)</b>	<b>608.56</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Capital expenditure	(331.43)	(389.46)
	Disposal of fixed assets	4.92	0.58
	Investments in Bank deposits (original maturity of more than three months) (net)	(53.23)	(12.08)
	Interest received	26.21	19.79
	Dividend income on non-current investment	13.03	-
	<b>Total</b>	<b>(340.50)</b>	<b>(381.17)</b>

## Cash flow statement for the year ended 31st March, 2015 (Continued)

(₹ in lakhs)

Particulars		For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>C Cash flow from financing activities</b>			
Proceeds / (repayment) of long-term borrowings (net)		(223.82)	(118.61)
Increase in short-term borrowings		1,044.00	57.28
Proceeds from issue of share capital including securities premium		231.64	142.70
Proceeds from issue of share warrants		-	77.21
Interest paid		(238.44)	(172.10)
Dividend and dividend tax paid		(279.83)	(237.72)
<b>Total</b>	<b>C</b>	<b>533.55</b>	<b>(251.24)</b>
<b>D Exchange difference on translation of foreign currency cash and cash equivalents</b>	<b>D</b>	<b>(0.13)</b>	<b>(0.13)</b>
<b>E Cash and cash equivalents at the end of the year</b>			
Net increase in cash and cash equivalents	A+B+C+D	2.62	(23.98)
Cash and cash equivalents at the beginning of the year		24.88	48.86
<b>Total</b>	<b>E</b>	<b>27.50</b>	<b>24.88</b>

## Notes

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

This is the Cash flow statement referred to in our report of even date.

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

Chartered Accountants

Firm's Registration Number: 002283S

**N. Anka Rao**

Partner

Membership Number: 23939

Secunderabad

20.05.2015

**C. Subba Rao**

Chief Financial Officer

**K. Vijayashree**

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

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>1</b>	<b>Share capital</b>		
	Authorised		
	1,00,00,000 (Previous year: 1,00,00,000) Equity shares of ₹ 10/- each	<b>1,000.00</b>	1,000.00
	Issued		
	88,58,575 (Previous year: 83,58,575) Equity shares of ₹ 10/- each	<b>885.86</b>	835.86
	Subscribed and paid up		
	88,58,575 (Previous year: 83,58,575) Equity shares of ₹ 10/- each, fully paid	<b>885.86</b>	835.86
		<b>885.86</b>	835.86

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

Particulars	No. of shares	No. of shares
Equity Shares outstanding at the beginning of the year	<b>83,58,575</b>	81,27,575
Add: Equity Shares issued during the year	<b>5,00,000</b>	2,31,000
Equity Shares outstanding at the end of the year	<b>88,58,575</b>	83,58,575

Details of shareholders holding more than 5% equity shares as on 31.03.2015 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>24,79,039</b>	<b>27.99%</b>	13,93,145	16.67%
Dr. (Mrs.) Kailash Gupta	<b>10,62,172</b>	<b>11.99%</b>	9,22,172	11.03%
Mrs. Shonika Prasad	-	-	7,89,581	9.45%
A. N. Gupta (HUF)	<b>6,56,697</b>	<b>7.41%</b>	5,68,697	6.80%

Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹ 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 31<sup>st</sup> March 2015, the amount of dividend recognised as distributions to equity shareholders was ₹ 2.00 per share (2013-14: ₹ 2.70 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.

## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<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		
	As per last account	292.93	173.34
	Add: Premium received on allotment of equity shares	258.85	119.59
		<b>551.78</b>	292.93
	General reserve		
	As per last account	1,200.00	1,000.00
	Add: Amount transferred from statement of profit and loss	150.00	200.00
		<b>1,350.00</b>	1,200.00
	Balance in statement of profit and loss (Surplus)		
	As per last account	3,286.17	2,828.89
	Less: Depreciation on fixed assets due to revision in estimated useful lives (net of deferred tax of ₹ 35.28 lakhs) (Refer note no.29.2.3)	66.66	-
		<b>3,219.51</b>	2,828.89
	Add: Profit as per statement of profit and loss	532.05	921.31
	Total available for allocations and appropriations	<b>3,751.56</b>	3,750.20
	Less: Allocations and appropriations		
	Proposed dividend	177.17	225.68
	Provision for corporate dividend tax	36.07	38.35
	Dividend for earlier year	13.50	-
	Corporate dividend tax on dividend for earlier year	2.30	-
	Transferred to General reserve	150.00	200.00
	Profit carried forward to next year	<b>3,372.52</b>	3,286.17
		<b>5,305.00</b>	4,809.80



## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>3</b>	<b>Long term borrowings</b>		
	<b>Unsecured</b>		
	Term loan from a bank	212.50	198.00
	Less: Current maturities of long-term debt	150.00	198.00
		62.50	-
	Personal guarantee of two directors of the company		
	Original amount of Loan: ₹ 300 lakhs		
	Repayment: 24 monthly installments of ₹ 12.50 lakhs each (September, 2014 to August, 2016)		
	Period of maturity from balance sheet date: 17 months		
	Interest rate: Base rate (10.75% as on 31 <sup>st</sup> March, 2015) + 1.45% p.a.		
	There is no continuing default as on the balance sheet date in repayment of loan and interest amount		
	Fixed deposits from related parties	-	194.48
	Less: Current maturities of long-term debt	-	59.37
		-	135.11
	Fixed deposits from others	-	192.96
	Less: Current maturities of long-term debt	-	41.75
		-	151.21
	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		
		62.50	286.32
<b>4</b>	<b>Deferred tax liabilities (net)</b>		
	Balance at the beginning of the year	638.59	562.56
	Adjustment for the current year	(16.04)	76.03
	Deferred tax adjusted against retained earnings (Refer note no.29.2.17 and 29.2.3)	(35.28)	-
		587.27	638.59
<b>5</b>	<b>Other long term liabilities</b>		
	Deposits from dealers and others	75.97	75.97
	Interest accrued but not due on borrowings	-	28.01
		75.97	103.98
<b>6</b>	<b>Long term provisions</b>		
	Provision for employee benefits	177.55	124.80
		177.55	124.80

## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>7</b>	<b>Short term borrowings</b>		
	<b>Secured</b>		
	Loans repayable on demand		
	Working capital loans from banks	1,127.02	585.11
	Above loans are secured by hypothecation of stocks, receivables, other current assets and fixed assets of the company and personal guarantee of two directors of the company		
	Above loans carry interest @ 9.75% to 15.50% p.a.		
	There is no default as on the balance sheet date in repayment of loans and interest amounts		
	<b>Unsecured</b>		
	Loan repayable on demand		
	Working capital loan from a bank	395.18	-
	Personal guarantee of two directors of the company		
	Interest rate: Base rate (10.75% as on 31 <sup>st</sup> March, 2015) + 1.00% p.a.		
	Loans from related parties	259.62	128.72
	(Refer note no.29.2.14)		
	Fixed deposits from related parties	-	2.71
	(Refer note no.29.2.14)		
	Fixed deposits from others	-	21.28
	Above loans carry interest @ 12.5% p.a.		
	There is no default as on the balance sheet date in repayment of loans and interest amounts		
		<b>1,781.82</b>	<b>737.82</b>
<b>8</b>	<b>Trade payables</b>		
	Dues of micro and small enterprises	8.16	-
	(Refer note no.29.2.10)		
	Dues of enterprises other than micro and small enterprises	806.15	811.95
		<b>814.31</b>	<b>811.95</b>

## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>9</b>	<b>Other current liabilities</b>		
	Current maturities of long-term debt		
	Loan from a bank	150.00	198.00
	Fixed deposits from related parties	-	59.37
	Fixed deposits from others	-	41.75
		150.00	299.12
	Interest accrued but not due on borrowings	29.95	49.69
	Advances from customers	32.19	274.20
	Unclaimed dividend	19.66	17.88
	(There is no amount due and outstanding to be credited to investor education and protection fund)		
	Other payables		
	Statutory liabilities	295.40	248.37
	Creditors for capital works	22.93	154.14
	Employee benefits payable	302.96	460.12
	Others	423.23	394.30
		1,044.52	1,256.93
		1,276.32	1,897.82
<b>10</b>	<b>Short term provisions</b>		
	Employees benefits	31.59	28.43
	Proposed dividend	177.17	225.68
	Corporate dividend tax	36.07	38.35
	Wealth tax	0.45	0.29
	Income tax (net of prepaid taxes)	108.02	112.39
	Interest on income tax	6.55	3.55
		359.85	408.69

## Notes to Balance sheet

## 11 Fixed assets

(₹ in lakhs)

Description of assets	Gross block			Depreciation / Amortisation					Net block		
	Cost as at 01.04.2014	Addi- tions during the year	Deduc- tions during the year	Total cost as at 31.03.2015	Up to 31.03.2014	Adjusted against Retained earnings as at 01.04.2014 (Refer No.29.2.3)	For the year	On deduc- tions	Total up to 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>A. Tangible assets</b>											
Freehold land	347.05	50.47	-	397.52	-	-	-	-	-	397.52	347.05
Leasehold land	2.19	-	-	2.19	0.32	-	0.02	-	0.34	1.85	1.87
Roads and buildings	1,334.42	178.70	-	1,513.12	246.56	68.79	50.84	-	366.19	1,146.93	1,087.86
Plant and equipment	3,668.42	146.71	11.85	3,803.28	1,236.29	24.45	232.34	9.06	1,484.02	2,319.26	2,432.13
Research and development equipment	136.44	0.17	-	136.61	39.36	0.08	9.49	-	48.93	87.68	97.08
Data processing equipment	55.67	1.29	0.39	56.57	44.45	1.92	4.15	0.38	50.14	6.43	11.22
Office equipment	58.16	8.37	0.67	65.86	18.33	6.65	14.53	0.56	38.95	26.91	39.83
Furniture and fittings	67.63	1.49	0.32	68.80	25.95	0.05	6.44	0.20	32.24	36.56	41.68
Vehicles	94.46	34.13	12.83	115.76	39.92	-	11.77	7.02	44.67	71.09	54.54
Total tangible assets	5,764.44	421.33	26.06	6,159.71	1,651.18	101.94	329.58	17.22	2,065.48	4,094.23	4,113.26
<b>B. Intangible assets</b>											
ERP licence fee	8.32	-	-	8.32	8.32	-	-	-	8.32	-	-
Software	17.55	3.26	-	20.81	16.18	-	0.49	-	16.67	4.14	1.37
Total intangible assets	25.87	3.26	-	29.13	24.50	-	0.49	-	24.99	4.14	1.37
<b>Total</b>	5,790.31	424.59	26.06	6,188.84	1,675.68	101.94	330.07	17.22	2,090.47	4,098.37	4,114.63
Previous year total	5,207.03	593.33	10.05	5,790.31	1,449.81	-	235.22	9.35	1,675.68	4,114.63	3,757.22
<b>C. Capital Work-in progress</b>											
	166.17	93.58	218.35	41.40	-	-	-	-	-	41.40	166.17

## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>12</b>	<b>Non-current investments</b>		
	(Long term investments, Non-trade, unquoted, fully paid up)		
	(At Cost less provision for other than temporary diminution in value, if any)		
	Investments in equity shares		
	Investment in associate company		
	4,50,000 (Previous year: 4,50,000) Equity shares of ₹ 10/- each in Premier Wire Products Limited	45.00	45.00
	Investments in preference shares		
	Investment in associate company		
	47,50,000 (Previous year: 47,50,000) 11% Redeemable, Non-convertible & Cumulative Preference Shares of ₹ 10/- each in Premier Wire Products Limited	475.00	475.00
		520.00	520.00
	Aggregate amount of unquoted investments	520.00	520.00
	Aggregate provision for diminution in value of investments	-	-
<b>13</b>	<b>Long term loans and advances</b>		
	(Unsecured, considered good)		
	Capital advances	31.67	130.82
	Security deposits	125.53	148.51
	Loans and advances to staff	0.78	0.20
	(Includes ₹ NIL (Previous year ₹ 0.01 lakhs) due from an officer of the company)		
	Prepaid taxes (net of provision)	10.57	4.01
		168.55	283.54
<b>14</b>	<b>Other non-current assets</b>		
	(Unsecured, considered good)		
	Long term trade receivables	53.69	87.89
	Long term prepaid expenses	17.01	15.78
	Bank deposits with original maturity of more than 12 months	85.40	19.18
	Interest accrued on deposits with banks	5.28	1.48
		161.38	124.33

## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>15</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	936.13	817.53
	(including stock in transit of ₹ 7.49 lakhs, Previous year: 16.95 lakhs)		
	Work-in-progress	417.51	304.19
	Finished goods	580.66	377.63
	Stores and spares	468.62	335.05
	Scrap	11.41	3.76
		<b>2,414.33</b>	<b>1,838.16</b>
<b>16</b>	<b>Trade receivables</b>		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they became due for payment	432.66	384.26
	Others	2,903.42	2,565.65
		<b>3,336.08</b>	<b>2,949.91</b>
<b>17</b>	<b>Cash and bank balances</b>		
	Cash and cash equivalents		
	Cash on hand	4.99	2.35
	Balances with banks		
	Current accounts	22.50	21.53
	Cash credit account	0.01	1.00
		<b>27.50</b>	<b>24.88</b>
	Other bank balances		
	Unpaid dividend	19.66	17.88
	Bank deposits with banks held as margin money and as security against bank guarantees	205.84	218.83
		<b>225.50</b>	<b>236.71</b>
		<b>253.00</b>	<b>261.59</b>

## Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>18</b>	<b>Short term loans and advances</b>		
	(Unsecured, considered good)		
	Advances to suppliers	101.00	166.71
	Central excise duty deposit	-	52.54
	Prepaid expenses	143.99	73.09
	Loans and advances to staff	1.96	8.84
	(includes ₹ NIL lakhs (Previous year ₹ 0.01 lakhs) due from an officer of the company)		
	Others	66.62	58.11
		<b>313.57</b>	<b>359.29</b>
<b>19</b>	<b>Other current assets</b>		
	Interest accrued on deposits	9.22	12.36
	Insurance claims receivable	5.00	101.88
	Export incentives receivable	5.07	-
	Unbilled revenue	0.48	0.98
		<b>19.77</b>	<b>115.22</b>



## Notes to Statement of Profit and Loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2014
<b>20</b>	<b>Sale of services</b>		
	Operations and maintenance services	1,486.25	1,302.99
	Job work and other services	90.03	165.93
		<u>1,576.28</u>	<u>1,468.92</u>
<b>21</b>	<b>Other operating revenues</b>		
	Sale of scrap arising out of manufacturing process	32.39	60.15
	Export incentives	17.32	9.20
		<u>49.71</u>	<u>69.35</u>
<b>22</b>	<b>Other income</b>		
	Interest income	26.87	20.09
	Dividend income on non-current investment	13.03	-
	Net gain on foreign currency transactions and translations	2.20	-
	Provision for liabilities no longer required, written back	4.15	40.38
	Provision for diminution in book value of investments no longer required, written back	-	68.45
	Prior year income (net of expenditure of ₹ 0.31 lakhs)	25.78	-
	Other non-operating income	2.01	11.75
		<u>74.04</u>	<u>140.67</u>
<b>23</b>	<b>Cost of raw materials consumed</b>		
	Opening stock	817.53	748.13
	Add: Purchases	8,245.81	7,204.87
		<u>9,063.34</u>	<u>7,953.00</u>
	Less: Closing stock	936.13	817.53
		<u>8,127.21</u>	<u>7,135.47</u>
<b>24</b>	<b>Changes in inventories of finished goods, work-in-progress and scrap</b>		
	Finished goods		
	Closing stock	580.66	377.63
	Opening stock	377.63	251.17
		<u>(203.03)</u>	<u>(126.46)</u>
	Excise duty adjustment		
	Excise duty on closing stock	76.14	42.00
	Excise duty on opening stock	42.00	14.31
	Excise duty adjustment on finished goods	34.14	27.69
	Work-in-progress		
	Closing stock	417.51	304.19
	Opening stock	304.19	387.74
		<u>(113.32)</u>	<u>83.55</u>
	Scrap		
	Closing stock	11.41	3.76
	Opening stock	3.76	8.60
		<u>(7.65)</u>	<u>4.84</u>
		<u>(289.86)</u>	<u>(10.38)</u>

## Notes to Statement of Profit and Loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2014
<b>25</b>	<b>Employee benefits expense</b>		
	Salaries, wages, bonus and other benefits	3,134.56	3,001.95
	Contribution to provident fund and other funds	273.81	323.56
	Contribution to ESI	12.32	32.28
	Staff welfare expenses	136.84	127.89
		<b>3,557.53</b>	<b>3,485.68</b>
<b>26</b>	<b>Finance costs</b>		
	Interest expense	193.69	176.76
	Other borrowing costs	42.39	59.39
		<b>236.08</b>	<b>236.15</b>
<b>27</b>	<b>Research and development expenses</b>		
	Material consumed	4.74	7.44
	Salaries, wages, bonus and other benefits	62.62	58.81
	Contribution to provident fund and other funds	6.10	1.84
	Contribution to ESI	0.41	1.06
		<b>73.87</b>	<b>69.15</b>
<b>28</b>	<b>Other expenses</b>		
	Consumption of stores and spare parts	41.30	29.84
	Consumption of packing materials	457.60	344.96
	Power and fuel	166.03	167.56
	Rent	12.22	12.51
	Repairs to buildings	84.08	24.21
	Repairs to machinery	219.51	239.12
	Repairs to other assets	147.75	148.97
	Insurance	34.55	47.58
	Rates and taxes, excluding taxes on income	38.02	34.09
	Directors sitting fees	9.75	4.05
	Payments to auditors		
	as auditors	5.50	5.50
	for tax audit	3.00	2.75
	for income tax matters	1.00	1.00
	for quarterly reviews	4.80	3.75
	for certification	3.70	3.20
	for expenses	1.31	1.39
		<b>19.31</b>	<b>17.59</b>
	Equipment hire charges	-	18.84
	Printing and stationery	17.62	17.10

## Notes to Statement of Profit and Loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2014
	Communication expenses	22.43	23.03
	Vehicle maintenance	20.59	21.58
	Travelling and conveyance	226.80	218.02
	Professional charges	46.58	22.57
	Technical knowhow fees	15.69	-
	Advertisement	1.71	5.43
	Sales commission	118.90	197.60
	Sales promotion expenses	11.37	6.91
	Other selling expenses	68.18	82.89
	Carriage and freight	413.61	463.96
	Less: Recovered	283.66	295.46
		129.95	168.50
	Loss of stocks due to accident	-	6.12
	Book deficit on assets discarded	2.92	-
	General expenses	146.96	106.95
	Bank charges and commission	4.83	10.19
	Donations (Refer note no.29.2.6)	6.99	9.48
	Corporate social responsibility (CSR) expenditure (Refer note no. 29.2.26)	29.70	-
	Loss on sale of assets	1.11	0.18
	Less: Profit on sale of assets	0.10	0.06
		1.01	0.12
	Loss on sale of investments	-	68.45
	Net loss on foreign currency transactions and translations	-	5.11
		2,102.35	2,059.37

## 29 Summary of significant accounting policies and other explanatory information

### 29.1 Summary of significant accounting policies

#### 1 Basis of preparation

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014, other relevant provisions of the Act, other pronouncements of the Institute of Chartered Accountants of India, and also the guidelines issued by the Securities and Exchange Board of India (SEBI).

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

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

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

#### 2 Use of estimates

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

#### 3 Tangible fixed assets

- (i) Tangible fixed assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any. Historical cost is inclusive of freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT wherever applicable. In respect of projects involving construction, related pre-operational expenses form part of the cost of the assets capitalised.
- (ii) Revenue expenditure incurred during the construction period of the project is shown under "Unallocated Expenditure Pending Capitalisation" till the commencement of the commercial production or their intended use and the same is capitalised by allocating to relevant assets in the ratio of their direct costs.

#### 4 Impairment of assets

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

#### 5 Depreciation

- (i) Depreciation is computed on a straight line basis so as to write off cost of assets over the useful lives of tangible fixed assets in the manner prescribed in Schedule II of the Act. The useful life of the assets are periodically reviewed and re-determined based on a technical evaluation and expected use and the unamortised depreciable amount is charged over the remaining useful life of such assets.

## 29 Summary of significant accounting policies and other explanatory information

### 29.1 Summary of significant accounting policies

- (ii) Leasehold land is amortised over the lease period.

#### 6 Intangible assets and amortisation

Intangible assets are stated at historical cost less accumulated amortisation thereon and impairment loss, if any. These assets are amortised over a period of 3 years, which is based on their estimated useful life.

#### 7 Inventories

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

#### 8 Borrowing costs

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

costs are expensed in the period they occur.

#### 9 Investments

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

#### 10 Revenue recognition

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

##### (i) 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. Gross revenue includes excise duty and adjustments for price variation and liquidated damages.

##### (ii) 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.

##### (iii) Interest

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

## 29 Summary of significant accounting policies and other explanatory information

### 29.1 Summary of significant accounting policies

#### (iv) Dividend

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

#### 11 Excise duty

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

#### 12 Employee benefits

##### Short term employee benefits

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

##### Long term employee benefits

#### (i) Defined contribution plans

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

#### (ii) State plans

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

#### (iii) Defined benefit plans

##### a) Gratuity

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

#### b) Leave encashment

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

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

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

### 13 Foreign exchange transactions

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

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

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

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

## 29 Summary of significant accounting policies and other explanatory information

### 29.1 Summary of significant accounting policies

#### 14 Segment accounting

Segments are identified based on the types of products and the internal organisation and management structure. The Company has identified business segment as its primary reporting segment with secondary information reported geographically. The company's primary segments consist of Explosives and Accessories and wind power.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

Segment Assets and Liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Unallocated expenditure represents other income and expenses which relate to the company as a whole and are not allocated to segments.

#### 15 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.

#### 16 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.

#### 17 Taxation

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

(ii) Current year tax

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

(iii) Deferred tax

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

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

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

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

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



## 29 Summary of significant accounting policies and other explanatory information

### 29.1 Summary of significant accounting policies

is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

#### (iv) Minimum Alternate Tax (MAT) Credit

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

### 18 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.

### 19 Earnings per share

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

### 20 Proposed dividend

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

### 21 Cash and cash equivalents

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

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 1 Corporate information

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

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

#### 3 Change in accounting estimates

As per the requirements of the Companies Act, 2013 ("the Act"), the Company has computed depreciation on the basis of the useful lives of tangible fixed assets in the manner prescribed in Schedule II of the Act. Consequently, depreciation for the year is higher by ₹ 76.91 lakhs and depreciation of ₹ 66.66 lakhs (net of deferred tax of ₹ 35.28 lakhs) on account of assets whose useful life is already exhausted as on 1<sup>st</sup> April, 2014 has been adjusted to Retained Earnings.

#### 4 Contingent liabilities and commitments

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
Contingent liabilities		
On account of guarantees issued by the banks on behalf of the company	2,699.66	3,480.26
Sales tax demands disputed by the company pending in appeal	151.31	151.31
Guarantees issued by the company on behalf of an associate company	-	50.03
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	233.68	126.04
On account of 49,998 equity shares of ₹ 10 each agreed to be taken in the capital of BF Premier Energy Systems Private Limited incorporated on March 9, 2015, with Kalyani Strategic Systems Limited as a joint subscriber to the Memorandum of Association of the said company for an equal number of shares.	5.00	-

- 5 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.

- 6 Donations include ₹ 0.25 lakhs (Previous year: ₹ Nil) paid to Communist Party (Marxist) and ₹ 5.00 lakhs (Previous year: ₹ Nil) paid to Bharatiya Janata Party.

#### 7 Excise duty

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

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

- 8 In view of inadequacy of profit, managerial remuneration paid to Chairman and Managing Director for the year ended 31st March, 2015 has exceeded the amount payable in terms of Sections 197 read with Schedule V of the Act by an amount of ₹ 40.91 lakhs . The company is in the process of seeking approval from the Central Government in respect of the above said amount.

### 9 Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

Particulars	For the year ended 31 <sup>st</sup> March, 2015		For the year ended 31 <sup>st</sup> March, 2014	
	Amount in foreign currency	Equivalent amount (₹ in lakhs)	Amount in foreign currency	Equivalent amount (₹ in lakhs)
US Dollars				
Payables for supplies, services etc.,	18,000	11.27	25,074	15.07
Advance from customers	-	-	5,350	3.22
Receivables for supplies and services	6,62,044	414.38	-	-
Advances for purchase of goods and equipment	-	-	2,296	1.38
Euros				
Advances for purchase of goods and equipment	-	-	15,541	12.83

### 10 Disclosures relating to dues of micro and small enterprises

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

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2014
Principal amount remaining unpaid as on 31 <sup>st</sup> March (refer note no.8)	8.16	-
Interest due thereon as on 31 <sup>st</sup> March	-	-
Interest paid by the company in terms of Section 16 of the said Act, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
Interest accrued and remaining unpaid as at 31 <sup>st</sup> March	-	-

Note:

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

### 11 Disclosure on utilisation of proceeds of preferential issues in terms of SEBI (ICDR) Regulation 2009:

On 12<sup>th</sup> July, 2014 the company converted 5,00,000 warrants into equity shares. With this, entire 7,31,000 warrants have been converted into equity shares of ₹ 10.00 each at a premium of ₹ 51.77. The total amount of ₹ 451.54 lakhs thus received has been utilised for the objects of the preferential issue.

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 12 Information on employee benefits (Accounting Standard 15)

Particulars	(₹ in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>a) Defined contribution plans</b>		
Contribution to provident fund	213.84	175.87
<b>b) State Plans</b>		
Contribution to E.S.I.	12.73	33.34
<b>c) Defined benefit plans</b>		
<b>c.1) Gratuity (funded)</b>		
<b>Assumptions</b>		
Salary rise	4%	4%
Discount rate	8%	8%
Attrition rate	4%	4%
Expected rate of return	9.00%	8.75%
<b>Expenses recognised in Statement of profit and loss</b>		
Current service cost	35.86	25.54
Interest cost on benefit obligation	41.97	31.80
Expected return on plan assets	(41.29)	(31.32)
Net actuarial (gain) / loss recognised in the year	29.53	84.90
Net benefit expense	66.07	110.92
<b>Actuarial return on plan assets</b>	(41.29)	(31.32)
<b>Net asset/liability recognised in balance sheet</b>		
Defined benefit obligation	601.75	524.68
Fair value of plan assets	(510.50)	(469.29)
Status (surplus)/deficit	91.25	55.39
Unrecognised past service cost	-	-
Net asset/liability recognised in balance sheet	91.25	55.39
<b>Changes in present value of defined benefit obligation</b>		
Opening balance	524.68	397.49
Interest cost	41.97	31.80
Current services cost	35.86	25.54
Benefits paid	(30.29)	(15.04)
Actuarial (gain) / loss	29.53	84.89
Closing balance	601.75	524.68
<b>Changes in fair value of plan assets</b>		
Opening balance	469.29	303.49
Expected return	41.29	31.31
Contributions	30.21	149.53
Benefits paid	(30.29)	(15.04)
Closing balance	510.50	469.29

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Movement of liability in balance sheet</b>		
Opening balance	55.39	94.00
Expenses as above	66.07	110.92
Contribution paid	(30.21)	(149.53)
Closing balance	91.25	55.39
<b>c.2) Leave encashment (unfunded)</b>		
<b>Assumptions</b>		
Salary rise	4%	4%
Discount rate	8%	8%
Attrition rate	4%	4%
<b>Changes in present value of defined benefit obligation</b>		
Opening balance	97.83	66.58
Interest cost	7.83	5.33
Current services cost	5.98	9.31
Benefits paid	(50.98)	(24.95)
Actuarial (gain) / loss	57.23	41.56
Closing balance	117.89	97.83
<b>Expenses recognised in Statement of profit and loss</b>		
Current service cost	5.98	9.31
Interest cost on benefit obligation	7.83	5.33
Net actuarial (gain) / loss recognised in the year	57.23	41.56
Net benefit expense	71.04	56.20

Note:

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

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 13 Segment reporting (Accounting Standard 17)

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

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

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

The following tables present the information of revenue, profit, assets and liabilities relating to the business / geographical segments for the year ended 31<sup>st</sup> March, 2015.

#### Information about primary business segments (₹ in lakhs)

Particulars	2014-15			2013-14		
	Reportable segments			Reportable segments		
	Explosives & accessories	Wind power	Total	Explosives & accessories	Wind power	Total
<b>Revenue</b>						
External	16,294.46	45.88	16,340.34	15,814.12	67.29	15,881.41
Inter-segment	-	-	-	-	-	-
Total revenue	16,294.46	45.88	16,340.34	15,814.12	67.29	15,881.41
<b>Result</b>						
Segment result	903.86	25.19	929.05	1,437.23	14.94	1,452.17
Interest (net)			166.82			156.67
Profit before tax			762.23			1,295.50
Less: Income tax expense			230.18			374.19
Profit after tax			532.05			921.31
<b>Other information</b>						
Segment assets	11,079.42	247.03	11,326.45	10,490.59	242.25	10,732.84
Segment liabilities	4,443.86	0.01	4,443.87	4,259.15	0.01	4,259.16
Unallocated liabilities			104.45			112.22
Total liabilities			4,548.32			4,371.38
Capital expenditure						
Tangible assets	421.33	-	421.33	592.77	-	592.77
Intangible assets	3.26	-	3.26	0.56	-	0.56
Depreciation	318.19	11.88	330.07	190.86	44.36	235.22

#### Information about secondary geographical segments (₹ in lakhs)

Particulars	2014-15		2013-14	
	Within India	Outside India	Within India	Outside India
Revenue by location of customers	15,231.47	1,108.87	14,760.09	1,121.32
Carrying amount of assets by location	11,326.45	-	10,732.84	-
Cost incurred on acquisition of tangible and intangible fixed assets	424.59	-	593.33	-

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 14.0 Details of related parties (Accounting Standard 18)

Nature of relationship	Related party	Transactions during the year (Yes/No)
1 Key management personnel	Dr. A.N. Gupta	Yes
	Mr. T.V. Chowdary	Yes
	Mr. K. Chalil ( Upto september,2014)	Yes
	Dr. N.V. Srinivasa Rao	Yes
	Colonel Vikram Mahajan (Retd.) (From 6.11.2014)	Yes
2 Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta	Yes
	Mrs. Shonika Prasad	Yes
	Mrs. T. Malati	Yes
	Ms. T. Shruti	Yes
	Mr. T. Lohit	Yes
	Mrs. N. Surya Kumari	Yes
	Mrs. P.P. Malu	Yes
3 Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing	No
	A. N. Gupta (HUF)	Yes
	Godavari Farms & Plantations	No
4 Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)	Godavari Explosives Limited	Yes
	Ask Consultants Private Limited	Yes
	Aims	No
5 Concerns in which the company has substantial interest (Associate Company)	Premier Wire Products Limited	Yes

#### 14.1 Details of transactions with the related parties

(₹ in lakhs)

S.No.	Related party / Nature of transaction	2014-15		2013-14	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
<b>1</b>	<b>Key management personnel</b>		<b>218.52 Credit</b>		<b>185.70 Credit</b>
	Managerial remuneration	<b>260.19</b>		247.86	
	Acceptance of unsecured loans	<b>98.00</b>		162.00	
	Interest paid	<b>22.85</b>		21.62	
	Repayment of unsecured loans	<b>62.93</b>		150.28	
	Dividend paid	<b>45.28</b>		32.34	
	Excess remuneration paid received back	<b>26.09</b>		-	
	Amount received on share warrants	<b>121.15</b>		109.56	
	Allotment of equity shares including premium	<b>161.53</b>		72.27	



## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

(₹ in lakhs)

S.No.	Related party / Nature of transaction	2014-15		2013-14	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
<b>2</b>	<b>Relatives of key management personnel</b>		<b>106.10 Credit</b>		<b>112.89 Credit</b>
	Sitting fees	<b>2.10</b>		0.80	
	Acceptance of unsecured loans	<b>70.00</b>		87.24	
	Repayment of unsecured loans	<b>76.61</b>		70.87	
	Interest paid	<b>15.31</b>		13.03	
	Dividend paid	<b>50.73</b>		41.43	
	Amount received on share warrants	<b>64.86</b>		64.86	
	Allotment of equity shares including premium	<b>86.48</b>		43.24	
<b>3</b>	<b>Concerns in which key management personnel have substantial interest</b>		<b>- Credit</b>		<b>114.75 Credit</b>
	<b>(Significant interest entities)</b>				
	Acceptance of unsecured loans	-		27.26	
	Repayment of unsecured loans	<b>94.75</b>		19.52	
	Interest paid	<b>6.68</b>		13.44	
	Dividend paid	<b>17.73</b>		13.12	
	Amount received on share warrants	<b>40.77</b>		40.77	
	Allotment of equity shares including premium	<b>54.36</b>		27.18	
<b>4</b>	<b>Concerns in which relatives of key management personnel have substantial interest</b>		<b>- Credit</b>		<b>90.57 Credit</b>
	<b>(Significant interest entities)</b>				
	Lease rent paid	-		18.00	
	Interest paid	<b>7.56</b>		-	
	Interest income	-		0.13	
	Dividend paid	<b>0.17</b>		0.15	
	Purchase of assets	-		79.92	
<b>5</b>	<b>Concerns in which the company has substantial interest</b>		<b>- Credit</b>		<b>15.34 Credit</b>
	Purchase of raw materials	<b>146.81</b>		180.83	
	Jobwork charges paid	<b>2.58</b>		6.13	
	Dividend income	<b>13.03</b>		-	

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

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

(₹ in lakhs)			
S. no.	Nature of transaction / Related party	2014-15	2013-14
1	<b>Acceptance of unsecured loans</b>		
	Dr. A.N. Gupta	98.00	162.00
	Dr. Kailash Gupta	70.00	63.66
2	<b>Interest income</b>		
	Godavari Explosives Limited	-	0.13
3	<b>Interest paid</b>		
	A.N. Gupta (HUF)	6.68	13.44
	Dr. Kailash Gupta	10.57	5.46
	Dr. A.N. Gupta	22.85	20.85
	Godavari Explosives Limited	7.56	-
4	<b>Job work charges paid</b>		
	Premier Wire Products Limited	2.58	6.13
5	<b>Lease rent paid</b>		
	Godavari Explosives Limited	-	18.00
6	<b>Managerial remuneration paid</b>		
	Dr. A.N. Gupta	133.67	128.99
	Mr. T.V Chowdary	47.27	43.77
	Mr. K. Chalil	31.46	40.87
	Dr. N.V. Srinivasa Rao	36.54	34.23
7	<b>Repayment of unsecured loans</b>		
	Dr. A.N. Gupta	62.93	150.28
	Dr. Kailash Gupta	-	46.19
	A.N. Gupta (HUF)	94.75	-
8	<b>Sitting fees</b>		
	Dr. Kailash Gupta	2.10	0.80
9	<b>Purchase of materials</b>		
	Premier Wire Products Limited	146.81	180.83
10	<b>Purchase of assets</b>		
	Godavari Explosives Limited	-	79.92
11	<b>Dividend paid</b>		
	Dr. A.N. Gupta	43.39	32.15
	A.N. Gupta (HUF)	17.73	13.12
	Dr. Kailash Gupta	28.68	21.01
	Mrs. Shonika Prasad	21.32	19.74
12	<b>Amount received on share warrants</b>		
	Dr. A.N. Gupta	99.14	99.14
	A.N. Gupta (HUF)	40.77	40.77
	Dr. Kailash Gupta	64.86	64.86

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

(₹ in lakhs)			
S. no.	Nature of transaction / Related party	2014-15	2013-14
13	<b>Allotment of equity shares including premium</b>		
	Dr. A.N. Gupta	132.19	66.09
	A.N. Gupta (HUF)	54.36	27.18
	Dr. Kailash Gupta	86.48	43.24
14	<b>Dividend income</b>		
	Premier Wire Products Limited	13.03	-
15	<b>Excess remuneration paid received back</b>		
	Dr. A.N. Gupta	26.09	-

### 15 Accounting for Leases (Accounting Standard 19)

#### Operating lease expenses

The company has various operating leases for office facilities 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 ₹ 0.84 lakhs (previous year: ₹ 0.80 lakhs)

### 16 Earnings per share - the numerator and denominator used to calculate earnings per share

		Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Profit attributable to the equity shareholders (₹ in lakhs)	(A)	532.05	921.31
Basic / weighted average number of equity shares outstanding during the year	(B)	87,18,849	81,87,651
Diluted / weighted average number of equity shares outstanding during the year	(C)	87,18,849	82,51,607
Face value of each equity share (₹)		10.00	10.00
Basic Earnings per share (₹)	(A) / (B)	6.10	11.25
Diluted Earnings per share (₹)	(A) / (C)	6.10	11.17

### 17 Deferred tax liabilities(net)

(₹ in lakhs)

Particulars	Opening as at 1 <sup>st</sup> April, 2014	Charge/(Credit) during the year	Closing as at 31 <sup>st</sup> March, 2015
<b>a) Deferred tax liabilities</b>			
Depreciation	716.33	(47.27)	669.06
<b>Total (a)</b>	716.33	(47.27)	669.06
<b>b) Deferred tax assets</b>			
Expenses debited to the Statement of profit and loss in current 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	63.55	9.73	73.28
Others	14.19	(5.68)	8.51
<b>Total (b)</b>	77.74	4.05	81.79
<b>Net (a - b)</b>	638.59	(51.32)	587.27

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 18 Details of raw materials consumed

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Ammonium nitrate	4,473.57	3,528.32
GI wire	148.77	192.66
Aluminium strip	147.40	149.73
Others	3,357.47	3,264.76
<b>Total</b>	<b>8,127.21</b>	<b>7,135.47</b>

#### 19 Purchase of traded goods

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Detonating fuse	61.20	11.70
Stores, etc.	62.52	163.19
<b>Total</b>	<b>123.72</b>	<b>174.89</b>

#### 20 Details of sales, closing stock and opening stock

(₹ in lakhs)

##### Manufactured goods

Particulars	Sales 2014-15	Sales 2013-14	Closing inventory 31.03.2015	Closing inventory 31.03.2014	Opening inventory 01.04.2014	Opening inventory 01.04.2013
Industrial explosives	8,306.80	6,719.09	26.32	12.42	12.42	8.47
Detonators	2,315.46	3,345.27	207.79	309.31	309.31	75.58
Windpower	45.88	67.29	-	-	-	0.52
Others	3,944.93	4,102.45	346.55	55.90	55.90	166.60
<b>Total</b>	<b>14,613.07</b>	<b>14,234.10</b>	<b>580.66</b>	<b>377.63</b>	<b>377.63</b>	<b>251.17</b>

##### Traded goods

(₹ in lakhs)

Particulars	Sales 2014-15	Sales 2013-14	Closing inventory 31.03.2015	Closing inventory 31.03.2014	Opening inventory 01.04.2014	Opening inventory 01.04.2013
Safety detonating fuse	88.47	16.82	-	-	-	-
Stores, etc.	62.52	161.57	-	-	-	-
<b>Total</b>	<b>150.99</b>	<b>178.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Services

(₹ in lakhs)

Particulars	Sales 2014-15	Sales 2013-14
Operations and maintenance services	1,486.24	1,302.99
Job work and other services	90.04	165.93
<b>Total</b>	<b>1,576.28</b>	<b>1,468.92</b>

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 21 Details of work in progress

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Industrial explosives	38.86	40.20
Detonators	62.55	71.54
Others	316.10	192.45
<b>Total</b>	<b>417.51</b>	<b>304.19</b>

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

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Raw materials	1.20	1.53
Components and spares	38.25	74.84
Traded goods	38.84	29.92
<b>Total</b>	<b>78.29</b>	<b>106.29</b>

#### 23 Expenditure in foreign currency (on accrual basis)

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Commission	4.38	8.65
Legal and professional charges	0.76	0.59
Travelling expenses	3.90	5.43
Other expenses	10.42	7.81
<b>Total</b>	<b>19.46</b>	<b>22.48</b>

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

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2015		Year ended 31 <sup>st</sup> March, 2014	
	Amount	%	Amount	%
Raw materials				
Imported	1.26	0.02%	0.98	0.01%
Indigenous	8,125.95	99.98%	7,134.49	99.99%
	<b>8,127.21</b>	<b>100.00%</b>	<b>7,135.47</b>	<b>100.00%</b>
Components and spares				
Imported	11.08	12.95%	0.94	0.87%
Indigenous	74.48	87.05%	107.37	99.13%
	<b>85.56</b>	<b>100.00%</b>	<b>108.31</b>	<b>100.00%</b>

## 29 Summary of significant accounting policies and other explanatory information

### 29.2 Other explanatory information

#### 25 Earnings in foreign exchange (on accrual basis)

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
FOB value of exports	1,049.03	1,121.32
Other income	-	10.01
<b>Total</b>	<b>1,049.03</b>	<b>1,131.33</b>

#### 26 CSR expenditure

a) Gross amount required to be spent by the Company during the year amounting to ₹ 29.63 lakhs

b) Amount spent during the year on:

(₹ in lakhs)

Particulars	Paid in cash	Yet to be paid in cash	<b>Total</b>
<b>(i) Construction / acquisition of any asset</b>	-	-	-
<b>(ii) On purposes other than (i) above</b>			
Promoting health care	21.19	-	<b>21.19</b>
Promoting education	4.81	-	<b>4.81</b>
Contribution to prime minister national relief fund	1.70	-	<b>1.70</b>
Benefit of armed forces veteran	2.00	-	<b>2.00</b>
<b>Total</b>	<b>29.70</b>	-	<b>29.70</b>

Per our report of even date

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

Chartered Accountants

Firm's Registration Number: 002283S

**For and on behalf of the Board****N. Anka Rao**

Partner

Membership Number: 23939

**C. Subba Rao**

Chief Financial Officer

**Dr. A.N. Gupta**

Chairman and Managing Director

Secunderabad

20.05.2015

**K. Vijayashree**

Company Secretary

**T.V. Chowdary**

Executive Director

## PREMIER EXPLOSIVES LIMITED

Registered Office : 'Premier House', 11 Ishaq Colony, Near AOC Centre,  
Secunderabad - 500 015  
(Corporate Identity No. L24110TG1980PLC002633)

### PROXY FORM

[Pursuant to section 105(6) of the Company Act, 2013 and rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :			
Registered address :			
E-Mail Id :			
Folio No/ Client Id :		DP ID	

I/We, being the member (s) of ..... Shares of Premier Explosives Limited, hereby appoint:

1	NAME			
	Address			
	E -Mail Id		Signature	
	or failing him			
2	NAME			
	Address			
	E -Mail Id		Signature	
	or failing him			
3	NAME			
	Address			
	E -Mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, the 24<sup>th</sup> September, 2015 at 9:30 A.M at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl.No.		Resolutions	Optional*	
			For	Against
ORDINARY BUSINESS				
1	Adoption of Financial Statements, Reports of the Board of Directors and Auditors, for the year ended 31 <sup>st</sup> March, 2015.			
2	Declaration of Dividend for the year 2014-15			
3	Re-appointment of Dr. N.V. Srinivasa Rao, as Director who retires by rotation.			
4	Ratification of the appointment of Auditors			
SPECIAL BUSINESS				
5	Waiver of recovery of excess Remuneration paid to Dr. Amarnath Gupta, Chairman & Managing Director for the period 01.04.2014 to 31.03.2015			
6	Approval for continuation of employment of Dr. Amarnath Gupta, as the Chairman & Managing Director, for the period 14.04.2015 to 13.02.2016			
7	Re-Appointment of Dr. Amarnath Gupta as Chairman & Managing Director of the Company			
8	Appointment of Colonel Vikram Mahajan (Retd.) as Director of the Company.			
9	Appointment of Colonel Vikram Mahajan (Retd.) as Whole time Director designated as Director (Marketing)			
10	Reappointment of Dr. N.V. Srinivasa Rao as Whole time Director designated as Director (Production)			
11	Approval to the remuneration paid to the Cost Auditors			
12	Approval to the Borrowing Limits upto ₹ 100 crores under Section 180(1)(c) of the Companies Act, 2013			
13	Approval to the Creation of charge on Assets of the Company upto ₹150 crores, under Section 180(1)(a) of the Companies Act, 2013			

Signed this ..... Day of .....2015.

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder (s) : \_\_\_\_\_

Affix a  
Revenue  
Stamp

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. \* It is optional to put a 'x' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of member(s) in above box before submission.







## PREMIER EXPLOSIVES LIMITED

Registered Office : 'Premier House', 11 Ishaq Colony, Near AOC Centre, Secunderabad - 500 015  
(Corporate Identity No. L24110TG1980PLC002633)

### ATTENDANCE SLIP

35<sup>TH</sup> ANNUAL GENERAL MEETING -SEPTEMBER 24, 2015 AT 9:30 A.M.

DP Id.		Name & Address of the registered Shareholder
Client Id/Regd. Folio No.		
No.of Shares held		

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 35<sup>th</sup> Annual General Meeting of the Company being held at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana, on Thursday, 24<sup>th</sup> September, 2015 at 9.30 a.m

\_\_\_\_\_  
Member's/Proxy's Signature

Note : Please complete this and hand it over at the entrance of the hall.



**Premier Explosives Limited**35<sup>th</sup> Annual Report 2014-15**BALLOT FORM**

(In lieu of E-voting)

CIN: L24110TG1980PLC002633

Regd. Office: 'Premier House', # 11, Ishaq Colony, Near AOC Centre, Secunderabad-500015

Phone: 040-66146801, to 5, Fax: +91(40) 27843431, Email: investors@pelgel.com

Sr. No.:

1. Name :  
Registered Address of the sole/first named Shareholder :
2. Name(s) of the joint Shareholder(s), if any :
3. Registered Folio No./DPID & Client ID No. :
4. No. of Shares held :

I/We exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 35<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 24<sup>th</sup> of September, 2015, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick(✓) mark at the appropriate box below.

Item No.	Description	No. of Equity Shares	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
	ORDINARY BUSINESS			
1	To receive, consider and adopt the Audited Financial Statements for the year 2014-15, including report of Board of Directors' and Auditors' thereon.			
2	To declare Dividend for the Financial year 2014-15			
3.	Re-appointment of Dr. N. V. Srinivasa Rao (DIN No.01359537) as a Director, who retires by rotation.			
4.	Ratification of Appointment of M/s. PVRK Nageswara Rao & Co. as Statutory Auditors of the Company			
	SPECIAL BUSINESS			
5	Approval to the waiver of recovery of excess Remuneration paid to Dr. Amarnath Gupta, [DIN: 00053985] Chairman and Managing Director for the period 01 <sup>st</sup> of April, 2014 to 31 <sup>st</sup> of March, 2015.			
6	Approval for continuation of employment of Dr. Amarnath Gupta [DIN: 00053985], as the Chairman and Managing Director for the period from 14 <sup>th</sup> of April, 2015 to 13 <sup>th</sup> of February, 2016			
7	Re-appointment of Dr. Amarnath Gupta [DIN: 00053985] as Chairman and Managing Director.			
8	Appointment of Colonel Vikram Mahajan (Retd.) (DIN:06613483) as a Director			
9	Appointment of Colonel Vikram Mahajan (Retd.) (DIN:06613483) as Whole time Director designated as Director (Marketing)			
10	Re-Appointment of Dr. N.V. Srinivasa Rao (DIN No.01359537) as Whole time Director designated as Director (Production)			
11	Approval to the Remuneration payable to the Cost Auditors			
12	Approval to the Borrowing limits up to ₹ 100 crores , under Section 180(1)(c) of the Companies Act, 2013			
13	Approval for creation of charge on Assets up to ₹ 150 crores of the Company, under Section 180(1)(a) of the Companies Act, 2013			

Place: \_\_\_\_\_

Date: \_\_\_\_\_

(Signature of the Member)

Note: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 5.00 p.m on September, 23<sup>rd</sup>, 2015 shall only be considered.

**INSTRUCTIONS**

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to Mr. K.V. Chalama Reddy, Practicing Company Secretary, Flat No.301, Madhava Apartments, Hill Colony, Khairatabad, Hyderabad-500004, so as to reach by **5.00 pm on September 23, 2015**. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. M/s Karvy Computershare Pvt. Ltd.). Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorized representative of the Body Corporate/Trust/Society, etc. a certified copy of the relevant authorization/ Board resolution to vote should accompany the Ballot Form.
10. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 17<sup>th</sup> of September, 2015.
11. Instructions for e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company, [www.pelgel.com](http://www.pelgel.com) and <https://evoting.karvy.com>. For further details members are requested to refer the same





*Dr. A.N. Gupta, Chairman & Managing Director of the Company receiving Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category*



**Premier Explosives Limited**

Premier House, 11 Ishaq Colony, Near AOC Centre,  
Secunderabad – 500015, Telangana, India  
Phone: 040 66146801 to 5, Email: [investors@pelgel.com](mailto:investors@pelgel.com)  
[www.pelgel.com](http://www.pelgel.com)