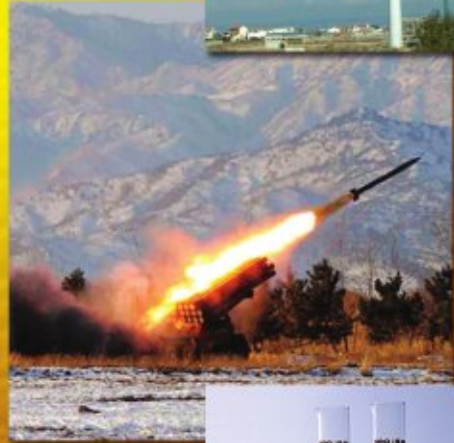


30th Annual Report 2009-10

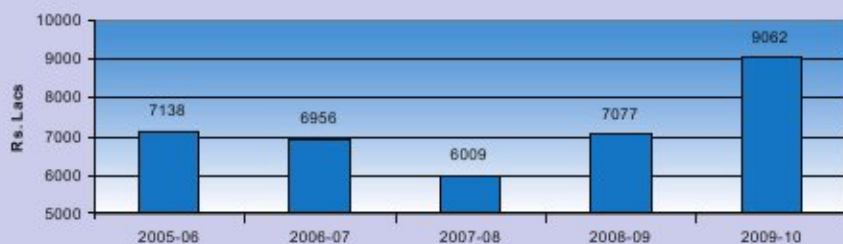
- Detonators
- Detonating fuse
- Bulk explosives
- Propellants
- Pyro devices
- Service Contracts
- Wind power
- R&D



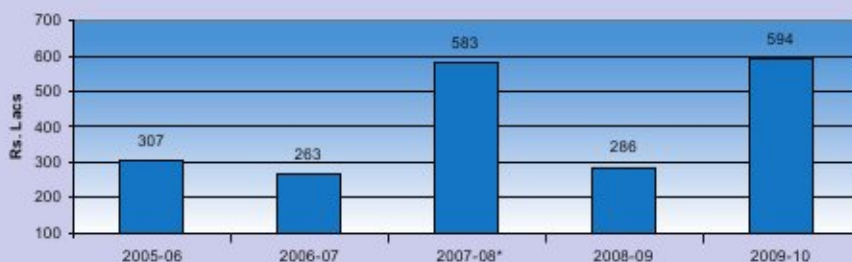
**Premier
Explosives
Limited**

Financial Highlights

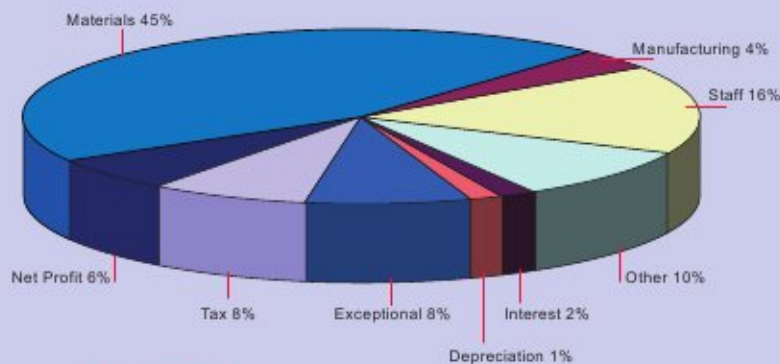
Turnover



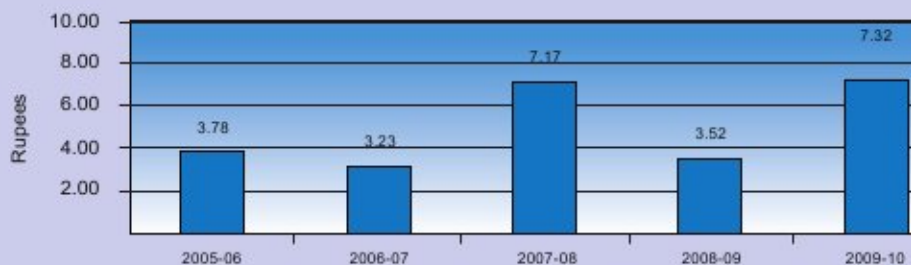
Profit After Tax



Income Pie 2009-10



Earning Per Share



Networth Per Share



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

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Avinash Kumar Singh

AUDITORS

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

BANKERS

State Bank of India
IDBI Bank
HDFC Bank

REGISTRARS & TRANSFER AGENTS

Sathguru Management Consultants Pvt. Ltd
Plot No.15, Hindi Nagar, Punjagutta, Hyderabad - 34

REGISTERED OFFICE

202, 203, Minerva Complex
Sarojini Devi Road, Secunderabad - 500003

FACTORIES

Detonators, fuse & special products division:
Peddakandukur (Andhra Pradesh)

Bulk explosives divisions:

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

Windmill:
Pushpathur (Tamilnadu)

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NOTICE OF 30TH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of **Premier Explosives Limited** will be held at Federation of Andhra Pradesh Chambers of Commerce & Industry, Surana Udyog Auditorium, 11-6-841, Red Hills, Hyderabad-500 004 on Saturday, the 31st July, 2010 at 11.00 A.M. to transact the following business.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit and loss Account and Cash Flow Statement for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To declare dividend for the year 2009-10.
3. To appoint a Director in place of Mr. P. R. Tripathi, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr. (Mrs.) Kailash Gupta, who retires by rotation and being eligible offers herself for reappointment.
5. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s P.V.R.K. Nageswara Rao & Co., Chartered Accountants (Firm Registration No. 002283S) be and are hereby re-appointed as Auditors of the Company till the conclusion of the next Annual General Meeting at the same remuneration as financial year 2009-10."

AS SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the company in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging of all the immovable and movable properties of the company wheresoever situated, present and future, and whole of the undertaking of the company and / or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of Banks/Financial Institutions in connection with sanction of working capital or other loans for an amount not exceeding Rs. 50.00 crores (Rupees Fifty Crores only).

"RESOLVED FURTHER THAT the mortgage / charge created/ to be created and / or all agreements/ documents executed/ to be executed and all acts done in terms of the above resolution by and with

the authority of the Board of Directors are hereby confirmed and ratified."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Financial Institutions, Central Government, if required, the consent of the Company be and is hereby accorded for reappointment of Mr. A. N. Gupta, Chairman and Managing Director of the company for a period of three years from 14.02.2010 at a remuneration as given in the Explanatory statement attached to the notice convening the annual general meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Financial Institutions, Central Government, if required, the consent of the Company be and is hereby accorded for reappointment of Mr. T. V. Chowdary, Executive Director of the company for a period of three years from 1.7.2010 at a remuneration as given in the Explanatory statement attached to the notice convening the annual general meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Financial Institutions, Central Government, if required, the consent of the Company be and is hereby accorded for reappointment of Mr. K. Chalil, Director (Marketing) of the company for a period of three years from 1.7.2010 at a remuneration as given in the Explanatory statement attached to the notice convening the annual general meeting."

By Order of the Board
For **PREMIER EXPLOSIVES LIMITED**

Place : Secunderabad
Date : 15.05.2010

AVINASH KUMAR SINGH
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and such proxy need not be a member of the company. Proxies (in the annexed form) and power of attorneys, in order to be effective must be received at the registered office of the company not later than 11.00 A.M. on 29.07.2010.
2. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to special business is annexed hereto.
3. The Register of Members and the Share transfer books of the company will remain closed from 20.07.2010 to 31.07.2010 (both days inclusive).
4. The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Register of members of the company as on 31.07.2010.
5. The shares of the company are presently listed in Bombay Stock Exchange at Mumbai and the company has paid up-to-date listing fee to the said Stock Exchange.
6. Members are advised to avail nomination facility as per the amended provisions of the Companies Act, 1956, for which the nominations forms are available with the Registrars to the company.
7. As per the provisions of Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.

The shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended 31st March, 2003 or any subsequent dividend payment(s) are requested to make their claim to the Company Secretary, Premier Explosives Limited, 202 & 203, Minerva Complex, II Floor, S.D. Road, Secunderabad - 500003.
8. Members holding shares in physical form are requested to inform immediately the change, if any, in their address to the Registrars, M/s Sathguru Management Consultants Private Limited, Plot No.15, Hindinagar, Punjagutta, Hyderabad-500034.
9. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
10. Members who hold shares in physical form are requested to bring their folio numbers for easy identification of attendance at the meeting.
11. Members are requested to utilise the Electronic clearing system (ECS) for receiving dividend and may accordingly advise their depository participants in case the shares are held in electronic form and to the Registrar and share transfer agent in case the shares are held in physical form.
12. Brief resumes of directors retiring by rotation and seeking reappointment.

Mr. P. R. Tripathi is a Mining Engineer and former Chairman and Managing Director of National Mineral Development Corporation Limited. He is a fellow of Institution of Engineers (India) and All India Management Association. Mr. Tripathi was deeply involved in the development of Mineral Industry of India and was associated with Federation of Indian Mineral Industries (FIMI) as Vice President, Sr. Vice President and President during the period 1996 to 2003.

Dr. (Mrs.) Kailash Gupta is an industrialist and doctor by profession. She has rich experience in the industry. She is panel doctor of Indian Airlines and Medical Examiner for LIC, HDFC Standard Life, Om Kotak Mahindra and ING Vysya. She is also doctor at family MI ROOM, 334 Missile Brigade unit of Army.
13. Brief resumes of directors proposed to be appointed vide Special Business item Nos. 8, 9 and 10 of the Annual General Meeting Notice.

Mr. A. N. Gupta is a Gold Medalist and holds Masters Degree in Mining Engineering from Indian School of Mines, Dhanbad. He is recipient of Pickering and ISM Medals for securing 1st Position in order of merit at Indian School of Mines and had received Gold Medal from Mining Geological and Metallurgical Institute of India for best paper in 1977-78. He had published papers in International Mining Congress, Mining Geological & Metallurgical Institute of India, High Energy Materials Society of India (HEMSI).

He has about 45 years of experience in production, manufacturing, marketing and other related areas.

He was Chairman of Explosive Development Council constituted by Ministry of Industries, Government of India for two years and Chairman of Explosives Manufacturers Association of India for three years.

He had promoted the Premier Explosives Limited in 1980 as SSI unit. Under his dynamic leadership, the company has transformed into a listed company having good reputation in the explosives industry.

Mr. T. V. Chowdary is a chemical engineer with over 30 years of experience in production of explosives, detonators, etc. He has been with this company for over a period of 22 years.

Mr. K. Chalil is a mining engineer with over 35 years of experience in major mining and quarrying industries / explosive industries especially in areas of explosives application and marketing. He has been working with this company for a period of 17 years.

Annexure to the Notice

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

Item No. 6

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

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

Item No. 7

The present term of appointment of Mr. A. N. Gupta, Chairman & Managing Director expired on 13.02.2010. The Board of directors in its meeting held on 27.01.2010 has, subject to shareholders approval, reappointed Mr. A. N. Gupta as Chairman & Managing Director for a period of 3 years from 14.02.2010 at a remuneration as given below.

1. Salary:

He will be entitled to a basic salary of Rs. 3,00,000/- (Rupees Three lacs only) per month. He will also be entitled to an annual increment of 15% rounded off to nearest Rs. 100 due on 1st April every year starting from 1st April 2011 during his tenure.

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 salary.

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

ii. Gas, electricity, water, servant, security, gardener and soft furnishing subject to maximum of 10% of the basic salary.

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

iii. Medical reimbursement for self and family to the extent of one month basic salary 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 (Maximum 2 clubs).

vi. Personal accident insurance as per Rules of the Company.

3. Other benefits:

i. Company's contribution towards Provident Fund and Superannuation 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, superannuation fund, annuity 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 Chairman & Managing Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.

5. Commission:

In addition to the salary, he will be entitled to commission @ 1.5 % of the Net Profits of the company in accordance with Section 349, 350 of the Companies Act, 1956 every year.

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

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

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

Item No. 8

The present term of appointment of Mr. T. V. Chowdary, Executive Director will expire on 30.06.2010. The Board of directors in its meeting held on 15.05.2010 has, subject to shareholders approval, reappointed him as Executive Director for a period of 3 years from 1.7.2010 at a remuneration as given below.

1. Salary:

He will be entitled to a basic salary of Rs.1,10,000/- (Rupees One Lakh Ten Thousand only) per month. He will also be entitled to an annual increment of 10-20% rounded off to nearest Rs. 100 as recommended by Remuneration Committee payable every year from 1st April 2011 onwards during his tenure.

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 salary.

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

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

iii. Medical reimbursement for self and family to the extent of one month basic salary as per Rules of the company.

iv. Leave travel concession for self and family once in a year to the extent of one month basic salary as per Rules of the Company.

v. Club fees (Membership fee in any one club not being admission and life membership fee).

vi. Mediclaim and personal accident insurance as per Rules of the Company.

3. Other benefits:

i. Company's contribution towards Provident Fund.

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

iii. Gratuity not exceeding half month's salary for each completed year of service, subject to maximum limit prescribed under the Payment of Gratuity Act, 1972.

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

iv. 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 Executive Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.

5. Commission:

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

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

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

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

Item No. 9

The present term of appointment of Mr. K. Chalil, Director (Marketing) will expire on 30.06.2010. The Board of directors in its meeting held on 15.05.2010 has, subject to shareholders approval, reappointed him as Director (Marketing) for a period of 3 years from 1.7.2010 at a remuneration as given below.

1. Salary:

He will be entitled to a basic salary of Rs.1,10,000/- (Rupees One Lakh Ten Thousand only) per month. He will also be entitled to an annual increment of 10-20% rounded off to nearest Rs. 100 as recommended by Remuneration Committee payable every year from 1st April 2011 onwards during his tenure.

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 salary.

- i. Unfurnished accommodation or House Rent Allowance at the rate of 30% of the basic salary in lieu of unfurnished accommodation.
- ii. Gas, electricity, water, servant, security, gardener and soft furnishing subject to maximum of 10% of the basic salary.
These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 198, 309, 310 and 311 and Schedule XIII annexed to the Companies Act, 1956.
- iii. Medical reimbursement for self and family to the extent of one month basic salary as per Rules of the company.
- iv. Leave travel concession for self and family once in a year to the extent of one month basic salary as per Rules of the company.

- v. Club fees (Membership fee in any one club not being admission and life membership fee).
- vi. Mediclaim and personal accident insurance as per Rules of the Company.

3. Other benefits:

- i. Company's contribution towards Provident Fund.
- 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 and perquisites as specified above as minimum remuneration.

5. Commission:

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

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

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

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

By Order of the Board

For **PREMIER EXPLOSIVES LIMITED**

Place : Secunderabad
Date : 15.05.2010

AVINASH KUMAR SINGH
Company Secretary

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the 30th annual report together with the audited accounts of the Company for the year ended 31st March, 2010.

A summary of the results is given below:

1. Financial performance

	(Rs. Lacs)	
	2009-10	2008-09
Gross Revenue	9668.94	7812.19
Excise Duty	(606.50)	(734.82)
Net Revenue	9062.44	7077.37
Gross profit from operations	2340.36	1548.96
Finance charges	(153.24)	(279.04)
Depreciation	(147.65)	(120.75)
Profit before exceptional items and tax	2039.47	1149.17
Exceptional items:		
Write-offs / provisions relating to joint ventures	(740.97)	(537.01)
Profit after exceptional items & before tax	1298.50	612.16
Provision for tax (including deferred tax & fringe benefit tax)	(704.18)	(326.10)
Profit after tax	594.32	286.06
Profit brought forward	1147.21	1063.70
Profit available for appropriation	1741.53	1349.76
Appropriations		
• Dividend	(162.48)	(121.84)
• Dividend tax	(26.99)	(20.71)
• Transfer to General Reserve	(100.00)	(60.00)
Balance carried forward	1452.07	1147.21

Your Company has recorded a growth of 24% at gross revenue of Rs.9669 lacs for the year ended 31st March, 2010 compared to Rs.7812 lacs in the previous year. Gross profit increased to Rs.2340 lacs from Rs.1549 lacs showing an increase of 51%. Profit after tax stood at Rs.594 lacs against Rs.286 lacs (after exceptional items of Rs.741 lacs and Rs.537 lacs respectively)

2. Operations

- a) Bulk explosives production was higher at 16,959 tons compared to 11,470 tons during the previous year. During the year an additional facility was commissioned at Neyveli, which started production from October 2009 and contributed 1,401 tons of production.
- b) Detonators and Detonating Fuse production was also higher despite stiff competition in the market.
- c) During the year, your Company secured Operations & Management contract from Solid Fuel Complex (SFC), Jagdalpur under severe competition and have started the operations from November 2009.
- d) Wind power: Your Company has established an 800 kW wind mill in Pushpathur village in Tamilnadu. It was commissioned during September 2009, which may be seen as the Company's contribution towards low carbon footprint.

3. Future outlook

Based on the gradually improving general economic conditions, your directors foresee a better performance in the year 2010-11 subject to unforeseen circumstances.

Defence and space is a promising sector on a long term basis and the Company foresees a good contribution from this sector in the coming years.

The new operations at Neyveli, Jagdalpur and Pushpathur which have commenced during the middle of the year will contribute on full year basis in the year 2010-11.

4. Dividend

Your Directors are glad to recommend dividend at Rs.2.00 per share for the year ended 31st March, 2010 on the amount paid up.

5. Reserves

The total reserves as on 31st March 2010, subject to declaration of dividend for the year, stood at about Rs.2,000 lacs, representing an increase of 20% from last year's Rs.1,596 lacs.

6. Deposits

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

7. Dues to financial institutions

There were no delays in payment of interest and principal amounts to financial institutions during the financial year.

8. NABL accreditation

Your company obtained accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL) for its laboratory situated at Peddakandukur.

9. Statutory auditors

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

10. Auditors' report

Auditors have made an observation in their report pertaining to note nos.6 and 19 of Notes to Accounts (Schedule 26). These notes are self explanatory.

11. Directors

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

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

Your Directors confirm that

- i) the applicable accounting standards have been followed;
- ii) the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- iv) the annual accounts have been prepared on a going concern basis.

13. Management discussion and analysis

A report on Management Discussion and Analysis is placed at Annexure - 1.

14. Corporate governance

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

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

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

16. Particulars of employees

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

17. Industrial relations

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

18. Acknowledgement

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

For and on behalf of the Board

A.N. GUPTA
Chairman & Managing Director

Place: Secunderabad
Date : 15.05.2010

Annexure - 1 to the Directors' Report

Management Discussion & Analysis**1. Industry structure and developments**

Your Company is manufacturing and marketing its products to core sectors viz, energy, mining, infrastructural development and defence & space. These sectors are growing at rapid pace as the country's GDP is growing at more than 8% p.a.

Fortunately, the international recession, has not affected the domestic explosives market and the Company has been able to sustain its growth.

Latest budget has more than doubled the plan allocation to power sector and around 75% of power generation in India is coal based.

Increased mining of coal for power generation and of iron ore, etc., for infrastructure development will certainly boost the prospects of explosives industry.

Similarly there are higher allocations to defence and space sectors in the current budget.

2. Opportunities

Commercial explosives

Your Company enjoys good brand equity and customer loyalty.

New plant at Neyveli Lignite Corporation Ltd., which has started production from October 2009, is expected to operate at higher than rated capacity. It will give substantial boost to the performance of the Company.

Defence / space

Your company, which is already catering to the defence & space sector, foresees challenging technological opportunities in the coming years. Your Company will work to enhance its presence in this sector and is poised to benefit from its core strength in this niche area.

3. Threats, risks and concerns

Ever increasing competition in the commercial explosives in India is a factor of concern. In an instance your company had to withdraw from tender for bulk explosives as the prices fell below viable limit. To contain these market risks, your company is trying to consolidate its position in niche products.

Your Company has closed the two joint venture units

abroad and fully provided for the investments and receivables. Necessary steps are being taken to protect interest of the company. Legal processes, however, are uncertain and may take long time.

4. Segment-wise or product-wise performance

The Company's business predominantly comprises of explosives segment. The newly set up windmill unit started generation of wind power from September 2009 and achieved sales of Rs.4.69 lacs. Its full year contribution will be seen in 2010-11.

5. Outlook

The newly added bulk explosives plant at Neyveli, windmill at Pushpathur and service contract at Jagdalpur are expected to contribute towards better performance. The economy showing signs of recovery, the continuing operations are also expected to perform better than the just ended financial year 2009-10 subject to unforeseen circumstances. In addition, there will be no burden from the non-performing overseas ventures.

6. Internal control systems and their adequacy

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

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

7. Discussion on financial performance with respect to operational performance

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

Current year's gross revenue of Rs. 9669 lacs is 24% higher than the previous year's 7812 lacs. Backed by overall better margins and higher volumes, the company has doubled the net profit to Rs.594 lacs from the previous year's net profit of Rs.286 lacs.

Both parameters indicate improved performance during the year.

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

The Company has 1054 employees on its payroll as on 31st March 2010. The relations between the management and the employees are cordial. The employees are imparted training both on site and off site. They are also encouraged to participate in the decision making process through Six Sigma philosophy.

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

For and on behalf of the Board

A.N. GUPTA

Chairman & Managing Director

Place: Secunderabad

Date : 15.05.2010

Cautionary Note

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

Annexure - 2 to the Directors' Report

Report on Corporate Governance

1. Company's philosophy on code of corporate governance

Your Company firmly believes that good corporate governance is 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

- a) There are 6 Non-Executive Directors (NEDs) out of total 10 directors on the Board. At 60 %, this ratio is more favourable than 50% prescribed under Clause 49 A (i) of the Listing Agreement.

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

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

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

b) The attendance of the directors at the Board Meetings and the last AGM is given below.

Sl. No.	Name of the Director	Number of Board Meetings held during the tenure	Number of Board Meetings attended	Attendance in the last AGM held on 30.09.2009
1	Mr. A. N. Gupta	6	6	Present
2	Mr. T. V. Chowdary	6	5	"
3	Mr. K. Chalil	6	6	"
4	Dr. N. V. Srinivasa Rao	6	5	Absent
5	Dr. (Mrs.) Kailash Gupta	6	6	Present
6	Dr. Haridwar Singh	6	4	"
7	Mr. Anilkumar Mehta	6	6	"
8	Mr. P. R. Tripathi	6	5	"
9	Dr. A. Venkataraman	6	6	"
10	Mr. K. Rama Rao	6	6	"
11	Dr. V. V. Subba Reddy	3	1	N.A.

c) None of the directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in Clause 49, across all the companies in which he or she is a director. Necessary disclosures regarding committee positions in other public companies as at March 31, 2010 have been made by the directors. The number of directorships and committee chairmanships / memberships held by them in other companies and the attendance at the Board Meetings and AGM held during the year is given below.

Sl. No.	Name of the Director	Board of directors		Board Committees	
		Director	Chairman	Member	Chairman
1	Mr. A. N. Gupta	3	1	None	None
2	Mr. T. V. Chowdary	4	-	None	None
3	Mr. K. Chalil	2	-	None	None
4	Dr. N. V. Srinivasa Rao	1	-	None	None
5	Dr. (Mrs.) Kailash Gupta	2	-	None	None
6	Dr. Haridwar Singh	2	-	None	None
7	Mr. Anilkumar Mehta	-	-	None	None
8	Mr. P. R. Tripathi	9	1	4	None
9	Dr. A. Venkataraman	-	-	None	None
10	Mr. K. Rama Rao	-	-	None	None

d) Six Board Meetings were held during the year on 27.04.2009, 29.06.2009, 22.07.2009, 30.09.2009, 29.10.2009 and 27.01.2010. The gap between two consecutive meetings did not exceed four months.

e) None of the Non-Executive Directors had any material pecuniary relationship or transaction with the company.

f) Shareholding of Independent directors as on 31st March, 2010

Except Mr. Anilkumar Mehta who holds 2,500 equity shares equal to 0.03%, no other independent director holds any shares in the company.

g) Reappointment of directors at the 30th AGM

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

Mr. P. R. Tripathi

Mr. P. R. Tripathi is a Mining Engineer and former Chairman & Managing Director of National Mineral Development Corporation Limited. He is a fellow of Institution of Engineers (India) and All India Management Association. Mr. Tripathi was deeply involved in the development of Mineral Industry of India and was associated with Federation of Indian Mineral Industries (FIMI) as Vice President, Sr. Vice President and President during the period 1996 to 2003.

Dr. (Mrs.) Kailash Gupta

Dr. (Mrs.) Kailash Gupta is an industrialist and doctor by profession. She has rich experience in the industry. She is a panel doctor of Indian Airlines and Medical Examiner for LIC, HDFC Standard Life, Om Kotak Mahindra and ING Vysya. She is also doctor at family MI ROOM, 334 Missile Brigade unit of Army.

h) Code of Conduct:

The board has laid down code of conduct for all board members and senior managerial personnel of the company. The code of conduct is available on the website of the company at www.pelgel.com.

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

3. Audit committee

a) The Audit Committee of the Company is constituted with the following members in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Mr. P. R. Tripathi (Chairman)	-	Non-executive, Independent director
Mr. Anilkumar Mehta	-	Non-executive, Independent director
Mr. K. Rama Rao	-	Non-executive, Independent director

The Company Secretary acted as Secretary to the Audit Committee.

b) Mr. P. R. Tripathi, Chairman of the Audit Committee was present at the previous annual general meeting of the company held on 30th September 2009.

c) The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement as amended from time to time and / or any other powers, duties and obligations. The said Committee submits its report, recommendations etc., to the Board of Directors on all matters.

d) The role of Audit Committee includes-

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.
2. Recommending the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing with the management, the annual financial statements, before submission to the Board for approval, with particular reference to
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Change, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualification in the draft audit report.
 5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of internal control systems.
 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.
 8. Discussion with internal auditors of any significant findings and follow up thereon.
 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.
 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.
 11. To look into reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders and creditors.
 12. To review the functioning of the Whistle Blower mechanism.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- e) The Audit Committee reviews the following information
1. Management discussion and analysis of financial condition and results of operation;
 2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 3. Management letters/ letters of internal control weaknesses issued by statutory auditors;
 4. Internal audit report relating to internal control weaknesses;
 5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee,
 6. Details of investments of surplus funds;
 7. Legal compliance report and
 8. Any other information or report requested by the Audit Committee from time to time.

Premier Explosives Limited

- f) The Audit Committee met four times during the year on 29.06.2009, 22.07.2009, 29.10.2009 and 27.01.2010. The necessary quorum was present at all the meetings. Details of attendance at the meetings are given below:

Name	Category	No of meetings during his tenure in the year 2009-10	
		Held	Attended
Mr. P. R. Tripathi	Non-executive, independent director	4	3
Dr. Haridwar Singh	"	1	-
Mr. Anilkumar Mehta	"	4	4
Mr. K. Rama Rao	"	3	3
Dr. V. V. Subba Reddy	"	1	-

4. Remuneration committee

- a) The Remuneration Committee has been reconstituted during the year, with the following as its members:
- Mr. P. R. Tripathi (Chairman) – Non-executive, Independent director
- Mr. Anilkumar Mehta – Non-executive, Independent director
- Mr. K. Rama Rao – Non-executive, Independent director
- b) The responsibility of the committee is to review and fix the remuneration package of the Managing / Whole-time directors based on performance and other criteria; to consider and approve service contracts, notice period, severance fee; and to consider and approve stock option schemes, if any.
- c) The Remuneration Committee met twice on 27.04.2009 and 27.01.2010 during the year for appointment of Dr. N. V. Srinivasa Rao as Director (Production) and for reappointment and revision in remuneration of Mr. A. N. Gupta, Chairman & Managing Director with effect from 14.02.2010.
- d) Details of remuneration to the Directors

Executive Directors

Name of the Director	Salary & Allowance	Benefits	Commission	Total
Mr. A. N. Gupta	35,91,714	9,11,487	23,30,345	68,33,546
Mr. T. V. Chowdary	13,81,380	3,96,980	10,96,103	28,74,463
Mr. K. Chalil	13,32,048	2,69,287	10,96,103	26,97,438
Dr. N. V. Srinivasa Rao	9,29,500	2,71,641	10,04,761	22,05,902

Non-executive Directors

(Rupees)

Name of the Director	Sitting Fee		Total
	As a Director	As a committee member	
Dr. (Mrs.) Kailash Gupta	60,000	50,000	1,10,000
Mr. Anilkumar Mehta	60,000	80,000	1,40,000
Dr. Haridwar Singh	40,000	-	40,000
Mr. P. R. Tripathi	50,000	25,000	75,000
Mr. K. Rama Rao	60,000	20,000	80,000
Dr. A. Venkataraman	60,000	-	60,000

5. Shareholders / Investors Grievance Committee

- a) The members of the Shareholders / Investors Grievance Committee are
- | | | |
|--------------------------|---|--|
| Mr. Anilkumar Mehta | – | Non-executive, Independent director |
| Mr. T. V. Chowdary | – | Executive director |
| Dr. (Mrs.) Kailash Gupta | – | Non-executive and Non Independent director |
- The Company Secretary is the compliance officer.
- b) The Board of Directors entrusted, inter alia, the following powers and responsibilities to the committee:
1. To approve and register transfer, transmission, issue of duplicate shares, to approve the demat requests and remat requests;
 2. To attend to Shareholder's grievances and redress the complaints of shareholders and the complaints received from other authorities.
- c) During the year under review, company received a total of 8 shareholders complaints. All were redressed to the satisfaction of the shareholders and no complaints were outstanding as on 31st March, 2010.

6. Subsidiaries

Consequent to the reduction of shareholding from 60% as on 31st March, 2009 to 45% as on 30th June, 2009, Premier Wire Products Limited (PWL) ceased to be a subsidiary company with effect from 30th June, 2009. Until that date, the Board of Premier Explosives Limited (PEL) has taken on record the minutes of meetings of PWL and the Audit Committee of PEL has reviewed the financial statements of PWL.

PWL is not a "material non listed Indian subsidiary" as defined under clause 49 of the Listing Agreement.

PWL having ceased to be the subsidiary during the year, Premier Explosives Ltd does not have any subsidiaries as on 31st March, 2010.

7. CEO and CFO Certification

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

8. General Body Meetings

Details of last three Annual General Meetings are given below:

Year	Type of meeting	Venue	Date	Time	No. of special resolutions passed
2006-07	AGM	Surana Udyog Auditorium (FAPCCI) 11-6-841, Red Hills, Hyderabad -500004	28.09.2007	11.00 a.m.	2
2007-08	AGM	do	29.09.2008	11.00 a.m.	3
2008-09	AGM	do	30.09.2009	11.00 a.m.	2

9. Postal ballot resolutions

During the year, a special resolution was passed through the postal ballot for altering the 'Objects Clause' of the Memorandum of Association to take up the business of power generation through wind turbine generators or solar power generators.

The said postal ballot was conducted by Mr. P. Muralikrishna, FCA and FCS in accordance with Section 192A of the Companies Act, 1956 and as certified by him a total of 30,67,291 votes were received and all of them were in favour of passing the resolution.

10. Submission of quarterly compliance reports to stock exchange

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

11. Whistle blower policy

To strengthen its policy of corporate transparency, the company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

12. Risk management

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

13. Disclosures

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large:

During the year ended 31.03.2010 there were no materially significant related party transaction that may have potential conflict with the interest of the company at large. Other related party transactions have been reported at Item No. 14 (II) of Notes to Accounts.

- b) Transactions with non-executive directors:

During the year, there are no transactions with Non-executive Directors.

- c) Compliance with matters related to capital markets:

During last three years there were no instances of non-compliance, penalties, strictures imposed by Stock Exchange or by SEBI or by any statutory authority on any matter related to capital markets.

14. Means of communication

Half Yearly and quarterly financial results are normally published in newspapers viz. Business Standard (English) and Andhra Prabha (Telugu) on approval of the financial results by the Board of Directors.

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

15. General shareholder information

- a) Annual General Meeting

Ensuing General Meeting	:	30th Annual General Meeting
Day, date and Time	:	Saturday, 31st July 2010, 11.00 a.m.
Venue	:	Surana Udyog Auditorium (FAPCCI), 11-6-841, Red Hills, Hyderabad -500 029

- b) Tentative Financial Calendar

Publishing the Unaudited Financial Results:

- First Quarter ending 30th June 2010	:	4th week of July 2010
---------------------------------------	---	-----------------------

- Second Quarter ending 30th September 2010 : 4th week of October 2010
- Third Quarter ending 31st December 2010 : 4th week of January 2011

Publishing the Audited Financial Results:

- Financial Year ending 31st March 2011 : 4th week of May 2011

c) Date of book closure:

Physical and Electronic mode : 20th to 31st of July 2010

d) Expected date of dispatch of dividend warrants : 16th to 26th of August 2010

e) Listing on Stock exchange

Name of the stock exchange : Bombay Stock Exchange Limited

Stock code : 526247

Listing fee paid for the year 2009-10 : Yes

f) Registrar and Share Transfer Agents (Physical and Electronic Registers):

Sathguru Management Consultants Private Limited

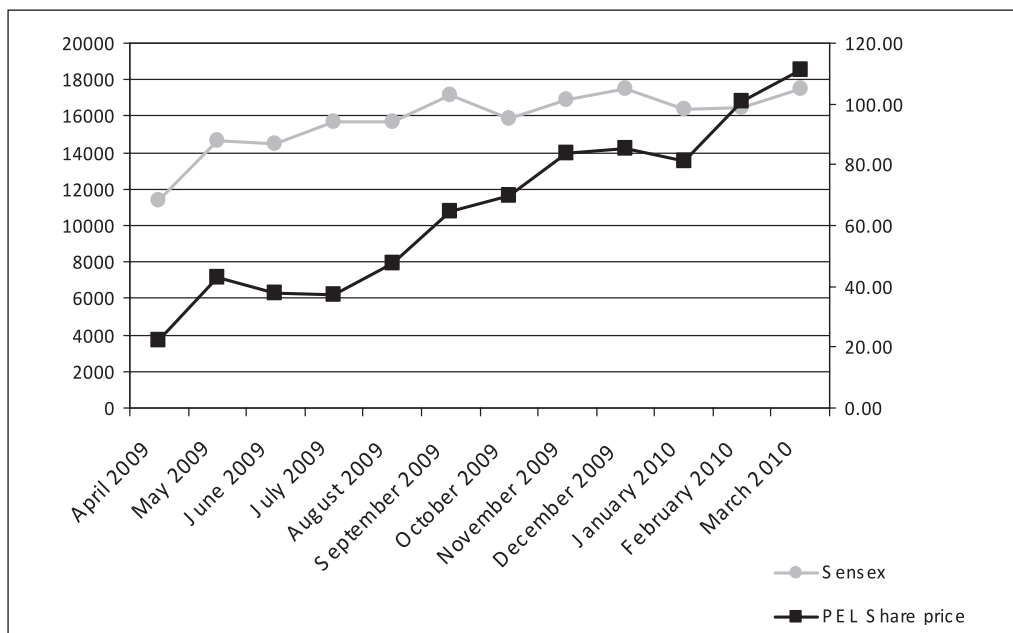
Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad - 500 034

g) Market Price data - High / Low during each month of the year 2009 - 10

(Rupees)

Month	High	Low	Month	High	Low
April 2009	26.50	18.30	October 2009	82.55	64.00
May 2009	42.95	20.60	November 2009	94.00	63.50
June 2009	44.70	32.50	December 2009	92.00	76.50
July 2009	37.70	29.50	January 2010	102.00	74.50
August 2009	52.25	35.00	February 2010	106.00	80.65
September 2009	69.90	46.50	March 2010	119.80	97.60

h) Market price performance in comparison to broad based index of The Stock Exchange, Mumbai (BSE).



Premier Explosives Limited

i) Share transfer system

The company's shares are under compulsory dematerialisation category and transfers in electronic mode are effected online by the NSDL and CDSL. In respect of physical shares, the company normally processes the requests within 10 to 15 days and effects the transfer, if all the papers received are in order.

The company after effecting the transfer of the shares sends dematerialisation option letter giving an option to the transferee to convert the shares into fungible form, which option has to be exercised within 15 days. Where the transferee exercises the option, the shares are converted into demat mode. In cases, where the transferee wishes to have the physical shares, the same are sent immediately upon receipt of intimation. In those cases where option of dematerialisation is not exercised, the physical shares are sent to the transferee after expiry of the stipulated period.

j) Distribution of shareholding as on 31.03.2010

No. of Shares			Shareholders		Shareholding	
From		To	Number	% to Total	Number	% to Total
1	-	500	6,069	87.82	8,84,375	10.88
501	-	1,000	404	5.84	3,39,318	4.17
1,001	-	2,000	196	2.84	3,09,248	3.81
2,001	-	3,000	65	0.94	1,69,838	2.09
3,001	-	4,000	28	0.40	99,826	1.23
4,001	-	5,000	35	0.51	1,61,175	1.98
5,001	-	10,000	49	0.71	3,66,546	4.51
10,001	-	Above	65	0.94	57,97,249	71.33
Total			6,911	100.00	81,27,575	100.00

k) Categories of shareholders as on 31.03.2010

Category	No. of Shares	% to Total
Promoters Holdings	31,74,808	39.06
Mutual Funds	1,200	0.01
Banks, Financial Institutions & others	2,100	0.03
Corporate Bodies	5,46,438	6.72
Indian Public	38,96,819	47.95
NRI's/ OCB's	5,06,210	6.23
Total	81,27,575	100.00

l) Dematerialisation of shares

The company's shares are in compulsory dematerialization category. The ISIN No. of the company is INE863B01011. The company has established electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its depository transfer agents M/s. Sathguru Management Consultants Private Limited, Plot No.15, Hindinagar, Punjagutta, Hyderabad - 500 034.

78,33,279 equity shares representing 96.38 % of the company's share capital have been dematerialized as on 31.03.2010.

m) Plant locations

Plant	Location
Detonators, Detonator Fuse and Special Products	- Detonators, Fuse and Special Products division Peddakandukur Village, Yadagirigutta Mandal, Nalgonda District (Andhra Pradesh)
Bulk Explosives	- Chandrapur division C-16, M.I.D.C, Ghugus Road, Chandrapur (Maharashtra) - Manuguru division Manuguru, Khammam District (Andhra Pradesh) - Singrauli division Plot No.42, Industrial Area, Udyog Deep, Waidhan, Sidhi District (Madhya Pradesh) - Godavarikhani division Godavarikhani, Karimnagar District (Andhra Pradesh) - Neyveli division 116, Melpathi, Mandarakuppam Neyveli Block 29, Cuddalore (Tamilnadu)
Wind power	- Wind power division Pushpathur Village Palani Taluk, Dindigul District (Tamilnadu)

n) Address for correspondence

Premier Explosives Limited
202 & 203, II Floor, Minerva Complex,
S. D. Road, Secunderabad - 500 003. (A.P.)

The above report has been approved by the Board of Directors in its meeting held on 15.05.2010.

For and on behalf of the Board

A.N. GUPTA
Chairman & Managing Director

Place: Secunderabad
Date : 15.05.2010

Annexure -3 to the Directors' Report

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

To the Members of
Premier Explosives Limited

We have examined the compliance of conditions of corporate governance by Premier Explosives Limited, for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of

Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010 no investor grievances are pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Shareholders/ Investors Grievance Committee.

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

For **P V R K Nageswara Rao & Co.**,
Chartered Accountants
Firm Registration No. 002835

Place : Hyderabad
Date : 15.05.2010

P V R K Nageswara Rao
Partner

Annexure -4 to the Directors' Report

CEO and CFO Certification

To the Board of Directors of
Premier Explosives Limited

We hereby certify that

1. We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010 and to the best of our knowledge and belief
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 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 the 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 requiring disclosure in the notes to the financial statements and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

A. N. Gupta
Chairman &
Managing Director

C. Subba Rao
Vice President
(Finance)

Place : Secunderabad
Date : 15.05.2010

Annexure - 5 to the Directors' Report

Particulars as required under section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988**A. Conservation of energy (Form 'A')**

This is not applicable to the company.

B. Technology absorption (Form 'B')**a) Research and Development (R & D)**

1. Specific areas in which R & D carried out by the company	:	Development of specialized high energy chemicals	
2. Benefits derived as a result of above R & D	:	Commercialising the in- house developed products	
3. Future plan of action	:	To continuously improve existing products and develop cost effective processes	
4. Expenditure on R & D (Rs. Lacs)		2009-10	2008-09
a) Capital	:	40.67	4.13
b) Recurring	:	49.14	51.97
Total	:	89.81	56.10
R & D expenditure as % of turnover	:	1.00%	0.80%

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	:	NIL	

C. Foreign exchange earnings and outgo

(Rs. Lacs)

		2009-10	2008-09
a) Earnings (FOB value of exports)	:	418.94	382.07
b) Outgo	:	86.72	28.47

For and on behalf of the Board

Place : Secunderabad
Date : 15.05.2010

A. N. GUPTA
Chairman & Managing Director

Annexure - 6 to the Directors' Report

Information as per Section 217 (2A) (b) (ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

Name	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Qualifications	Age in Years	Total Experience (years)	Date of commence- ment of employment	Last Employment & Designation
Mr. A. N. Gupta	Chairman & Managing Director	68,33,546	M.E. (Mining)	65	43	14.02.1980	I.E.L. Limited, Area Sales Manager
Mr. T. V. Chowdary	Executive Director	28,74,463	B.Sc. Tech (Petrochem)	52	29	26.09.1988	Usha Lubes Pvt. Ltd, Works Manager
Mr. K. Chalil	Director (Marketing)	26,97,438	A.M.I.E (Mining)	70	41	22.12.1993	Neyveli Lignite Corporation Ltd, Chief Mining Engineer

Note:

1. All the above employees have been employed for the full year. There is no employee who has been employed for part of the year and drawing a monthly remuneration of Rs.2,00,000 or more.
2. Their employment is contractual.
3. Mr. A. N. Gupta is related to another director, Dr. (Mrs.) Kailash Gupta. They are related as husband and wife.
4. Gross remuneration includes salary, commission, leave travel allowance, contribution to provident fund and medical expenses.

For and on behalf of the Board

Place : Secunderabad

Date : 15.05.2010

A. N. GUPTA
Chairman & Managing Director

AUDITORS' REPORT

To
The Members of
Premier Explosives Limited

1. We have audited the attached Balance Sheet of **Premier Explosives Limited** as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of these books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt

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

We draw the attention of the members to note 19 of Notes to Accounts vide Schedule 26 regarding non disclosure of Company's share of Assets, Liabilities, Income and Expenses in the Joint ventures in view of non availability of audited/unaudited accounts of Joint ventures.

- v) On the basis of the written representations received from the directors, as on 31.03.2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of Profit and Loss Account of the Profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

P V R K NAGESWARA RAO
Partner
Membership No. 18840

Place : HYDERABAD
Date : 15.05.2010

Annexure referred to in Paragraph 3 of Auditors' Report of even date on the accounts of Premier Explosives Limited for the year ended 31st March 2010

1. (a) The company has maintained proper records showing full particulars including quantitative details except situation of fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification. As regards capital works in-progress, the same will be verified by the management on completion of assets.
(c) The Company has not disposed off substantial part of fixed assets during the year, which affect the going concern assumption.
2. (a) As explained to us, the stock of stores, spare parts, raw materials and finished goods of the company have been physically verified at frequent intervals during the year by the Management except stocks lying with outside warehouses which have been verified with reference to certificates and other relevant documents where available.
(b) The procedures of physical verification of Inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.
3. (a) The Company had granted unsecured loans of Rs. 7,00,33,973/- to two Joint Ventures, Rs. 1,00,00,000/- to associate company and rent deposit of Rs. 33,34,605/- to a company listed in the register maintained under section 301 of the Companies Act, 1956 during earlier years. The balance as on 31st March, 2010 and the maximum amount involved during the year were Rs. 8,47,83,640/- and Rs. 8,33,68,578/- respectively.
(b) **During the year, full provision has been made in the accounts for amounts due from Joint Ventures amounting to Rs. 7,00,33,973/- which are considered doubtful of recovery as explained in note no. 6 of Schedule 26. Under the circumstances, we are unable to express an opinion.** In our opinion the terms and conditions of unsecured loans given to other parties listed in the Register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.
- (c) The company is regular in receipt of principal amounts as stipulated and restipulated and has been regular in receipt of interest in respect to loans granted to associate company.
- (d) The Company has taken unsecured loans aggregating to Rs.1,90,57,000/- from nine parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31st March, 2010 and the maximum amount involved during the year were Rs. 1,60,13,000/- and Rs. 1,78,49,000/- respectively.
- (e) In our opinion the rate of interest and other terms and conditions of unsecured loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.
- (f) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system with regard to purchase of inventory, fixed assets and for the sale of goods and services.
5. (a) According to the information and explanations given to us and as confirmed by the Vice President (Finance) and Company Secretary of the Company, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has generally complied with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under where applicable. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- 7 In our opinion and according to the explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9 (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on 31.03.2010 which are outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and as per the information and explanations given to us, there are no dues of Customs Duty, Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess which has not been deposited on account of dispute as on 31.3.2010, 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	Tax payable on completion of assessment	2007-08	1,51,30,507/-	Honourable High Court of Andhra Pradesh

- 10 As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.
- 11 During the year the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.
- 12 As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
- 13 In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for this year.
- 14 According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 15 In our opinion, the terms and conditions on which the company has given guarantees for the loans taken by others from banks or financial institutions are not prejudicial to the interests of the Company.
- 16 According to records of the Company the term loans raised during the year have been applied for the purposes for which they were raised.
- 17 As per the information and explanations given to us and on an overall examination of the balance sheet of the
- company, we report that the funds raised on short term basis have not been used for long term investments.
- 18 As per the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- 19 As per the information and explanations given to us, the Company has not issued any debentures during the year, which requires the creation of security or charge.
- 20 During the year the Company has not made any public issues for which the management has to disclose the end use of money raised through that public issue.
- 21 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted practices in India and according to the information and explanations given to us we have neither come across an instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For **P V R K Nageswara Rao & CO.,**
Chartered Accountants
Firm's Registration Number: 0022835

P V R K NAGESWARA RAO
Partner
Membership No. 18840

Place : HYDERABAD
Date : 15.05.2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees)

	Schedule No.	As at 31st March, 2010	As at 31st March, 2009
I. SOURCES OF FUNDS :			
Share holders' funds :			
Share capital	1	8,12,39,018	8,12,27,264
Reserves and surplus	2	20,00,13,487	15,96,32,144
		28,12,52,505	24,08,59,408
Loan funds :			
Secured loans	3	6,03,29,243	6,27,41,945
Unsecured loans	4	3,36,41,987	3,03,46,988
		9,39,71,230	9,30,88,933
Deferred tax liability (net)	5	4,15,90,393	2,92,65,662
		41,68,14,128	36,32,14,003
II. APPLICATION OF FUNDS:			
Fixed assets:			
Gross block	6	36,35,49,901	29,78,47,527
Less: Depreciation		10,89,74,272	9,44,15,722
Net block		25,45,75,629	20,34,31,805
Advance for capital works		3,75,60,902	1,82,88,033
		29,21,36,531	22,17,19,838
Investments	7	1,47,52,993	1,03,16,028
Net current assets:			
Current assets, loans and advances :			
Inventories	8	10,67,56,987	7,33,76,086
Sundry debtors	9	9,89,74,304	9,32,61,353
Cash and bank balances	10	2,00,43,293	2,18,45,168
Other current assets	11	6,54,667	6,29,154
Loans and advances	12	5,50,98,896	10,63,71,112
		28,15,28,147	29,54,82,873
Less: Current liabilities and provisions			
Current liabilities	13	13,06,60,820	13,34,81,940
Provisions	14	4,09,42,723	3,08,22,796
		17,16,03,543	16,43,04,736
Net current assets		10,99,24,604	13,11,78,137
		41,68,14,128	36,32,14,003
Notes to accounts	26		
Significant accounting policies	27		

Per our report of even date
For **P. V. R. K. NAGESWARA RAO & CO.,**
Chartered Accountants
Firm Registration No. 002283S

P. V. R. K. NAGESWARA RAO
Partner
Membership No.18840

A. N. GUPTA
Chairman and Managing Director

T. V. CHOWDARY
Executive Director

Date : 15.05.2010
Place : Secunderabad.

C. SUBBA RAO
Vice President (Finance)

AVINASH KUMAR SINGH
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Rupees)

	Schedule No.	For the year ended 31st March, 2010	For the year ended 31st March, 2009
I. INCOME :			
Gross sales and services	15	94,95,35,483	77,00,84,737
Less:Excise Duty		<u>6,06,50,830</u>	<u>7,34,82,257</u>
Net sales		88,88,84,653	69,66,02,480
Other income	16	<u>1,73,59,534</u>	<u>1,11,34,915</u>
		<u>90,62,44,187</u>	<u>70,77,37,395</u>
II. EXPENDITURE :			
Materials consumed	17	40,95,93,432	31,83,00,536
Packing material consumed		95,24,288	94,07,573
Manufacturing expenses	18	2,87,81,746	2,20,32,761
Expenses on employees	19	14,97,56,633	13,03,70,595
Research and development expenses	20	49,13,828	51,96,093
Other expenses	21	7,42,36,381	6,44,54,499
Selling expenses	22	1,52,04,294	71,19,529
Finance charges	23	1,53,24,046	2,79,03,808
(Increase)/Decrease in stocks	24	(1,98,03,019)	(40,39,764)
Depreciation(Net)/Amortisation		1,48,70,182	1,21,79,451
Less: Transferred from revaluation reserve		<u>1,04,743</u>	<u>1,04,743</u>
		<u>1,47,65,439</u>	<u>1,20,74,708</u>
		<u>70,22,97,068</u>	<u>59,28,20,338</u>
III. NET PROFIT:			
Profit before tax and exceptional items		20,39,47,119	11,49,17,057
Exceptional items:			
Less: Write offs/Provisions relating to joint ventures (Refer note no.6 of schedule 26)	25	<u>7,40,97,008</u>	<u>5,37,01,176</u>
Net profit after exceptional items and before tax		12,98,50,111	6,12,15,881
Less : Income Tax Expense:			
Current tax		5,80,00,000	3,03,00,000
Deferred tax		1,23,24,731	14,03,269
Income tax adjustments		<u>92,933</u>	<u>1,96,884</u>
		<u>7,04,17,664</u>	<u>3,19,00,153</u>
Fringe benefits tax		<u>-</u>	<u>7,10,000</u>
Net Profit After Tax		5,94,32,447	2,86,05,728
Add: Profit brought forward from last year		11,47,21,329	10,63,70,377
Amount available for appropriation		<u>17,41,53,776</u>	<u>13,49,76,105</u>
Transfer to:			
Proposed dividend		1,62,47,804	1,21,84,090
Provision for corporate dividend tax		26,98,557	20,70,686
General reserve		<u>1,00,00,000</u>	<u>60,00,000</u>
		<u>2,89,46,361</u>	<u>2,02,54,776</u>
Balance of profit carried forward		<u>14,52,07,415</u>	<u>11,47,21,329</u>
Earnings per share (Basic / diluted) (Nominal value:Rs.10/- per share)		7.32	3.52
Notes to accounts	26		
Significant accounting policies	27		

Per our report of even date
For **P. V. R. K. NAGESWARA RAO & CO.,**
Chartered Accountants
Firm Registration No. 002283S

P. V. R. K. NAGESWARA RAO
Partner
Membership No.18840

A. N. GUPTA
Chairman and Managing Director

T. V. CHOWDARY
Executive Director

Date : 15.05.2010
Place : Secunderabad.

C. SUBBA RAO
Vice President (Finance)

AVINASH KUMAR SINGH
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Rupees)

	2009-2010	2008-2009
Net profit after exceptional item and before tax	12,98,50,111	6,12,15,881
Adjustments for:		
Add:		
Depreciation	1,47,65,439	1,20,74,708
Loss on sale of assets (net)	1,41,746	1,57,395
Profit on sale of investment	(6,738)	–
Provision for doubtful advances no longer required	–	(2,54,94,036)
Provision for doubtful interest receivable	–	1,60,70,707
Provision for doubtful advances	7,00,33,973	–
Interest expense	85,16,119	2,08,51,284
Provision for diminution in book value of investments	40,63,035	27,81,546
Interest income	(29,66,898)	(26,54,641)
Dividend received	(74,754)	–
Wealth tax	15,398	21,750
Operating profit before working capital changes	22,43,37,431	8,50,24,594
Adjustments for:		
(Increase)/decrease in sundry debtors	(57,12,951)	8,38,39,721
(Increase) in inventories	(3,33,80,901)	(16,03,492)
(Increase)/decrease in loans and advances	(1,87,61,756)	1,53,81,422
Increase in current liabilities	6,52,113	2,43,30,891
(Increase)/decrease in fixed deposits pledged with Banks etc. and dividend accounts with banks	(56,68,714)	20,82,013
Cash generated from operations	16,14,65,222	20,90,55,149
Interest paid	(88,73,116)	(2,13,23,846)
Income tax paid	(5,59,99,626)	(4,54,70,089)
Dividend paid (including corporate dividend tax)	(1,40,51,377)	(1,41,44,003)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	8,25,41,103	12,81,17,211
Cash flow from investing activities:		
Purchase of fixed assets	(6,67,09,752)	(1,78,20,337)
Sale of assets	5,54,000	3,92,001
Advance against capital items	(1,92,72,869)	3,61,777
Interest earned	29,41,385	25,94,202
Dividend received	74,754	–
Purchase of investments	(3,75,74,754)	(62,48,000)
Sale of investments	2,90,81,492	–
CASH USED IN INVESTING ACTIVITIES (B)	(9,09,05,744)	(2,07,20,357)
Cash Flow from Financing Activities:		
Proceeds from long term borrowings	–	1,80,00,000
Repayment of long term borrowings	(4,10,84,512)	(1,12,18,459)
Proceeds from fixed deposits,dealership deposits	1,14,41,999	1,23,95,000
Repayment of fixed deposits,dealership deposits	(81,47,000)	(1,70,95,000)

	(Rupees)	
	2009-2010	2008-2009
Increase/(decrease) in working capital loans	3,86,71,810	(10,56,82,110)
Receipt against share allotment money due	11,755	11,872
CASH GENERATED FROM FINANCING ACTIVITY (C)	894,052	(10,35,88,697)
Net increase in cash and cash Equivalents (A+B+C)	(74,70,589)	38,08,157
Cash and cash equivalents at beginning of the year	1,14,08,071	75,99,914
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	39,37,482	1,14,08,071

Note:**Cash and cash equivalents at the end of the year**

Cash and Bank balances	2,00,43,293	2,18,45,168
Less: Deposits pledged with banks towards margin money and Dividend accounts with Banks dealt in operating activity	1,61,05,811	1,04,37,097
Cash and cash equivalents at the end of the year	39,37,482	1,14,08,071

Notes:

1. The cash flow statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
2. Notes to Accounts (Schedule 26) and Significant Accounting Policies (Schedule 27) 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 Registration No. 002283S

P. V. R. K. NAGESWARA RAO

Partner

Membership No.18840

A. N. GUPTA

Chairman and Managing Director

T. V. CHOWDARY

Executive Director

Date : 15.05.2010

Place : Secunderabad.

C. SUBBA RAO

Vice President (Finance)

AVINASH KUMAR SINGH

Company Secretary

Schedules Forming Part of Balance Sheet

(Rupees)

	As at 31st March, 2010	As at 31st March, 2009
1. SHARE CAPITAL :		
Authorised :		
1,00,00,000 Equity shares of Rs.10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued :		
81,27,575 Equity shares of Rs.10/- each	<u>8,12,75,750</u>	<u>8,12,75,750</u>
Subscribed :		
81,27,575 Equity shares of Rs.10/- each fully paid up {Including 10,21,705 bonus shares allotted on capitalisation of general reserve}	<u>8,12,75,750</u>	<u>8,12,75,750</u>
Less: Allotment money due	<u>36,732</u>	<u>48,486</u>
	<u>8,12,39,018</u>	<u>8,12,27,264</u>
	<u>8,12,39,018</u>	<u>8,12,27,264</u>
2. RESERVES AND SURPLUS :		
Capital Reserve :		
Subsidy received	<u>30,57,370</u>	<u>30,57,370</u>
Shares forfeited	<u>13,000</u>	<u>13,000</u>
	<u>30,70,370</u>	<u>30,70,370</u>
Share premium	<u>1,73,33,647</u>	<u>1,73,33,647</u>
General Reserve :		
As per last account	<u>2,10,00,000</u>	<u>1,50,00,000</u>
Add: Transferred from profit and loss account	<u>1,00,00,000</u>	<u>60,00,000</u>
	<u>3,10,00,000</u>	<u>2,10,00,000</u>
Revaluation Reserve :		
As per last account	<u>35,06,798</u>	<u>36,11,541</u>
Less: Transferred to profit and loss account being the difference of depreciation for the year on revalued amount of assets and their original cost	<u>1,04,743</u>	<u>1,04,743</u>
	<u>34,02,055</u>	<u>35,06,798</u>
Profit and loss account (Surplus)	<u>14,52,07,415</u>	<u>11,47,21,329</u>
	<u>20,00,13,487</u>	<u>15,96,32,144</u>

(Rupees)

	As at 31st March, 2010	As at 31st March, 2009
3. SECURED LOANS :		
A. Term Loans:		
From IDBI Bank Ltd	–	1,80,00,000
From Export Import Bank of India (EXIM)	80,12,367	3,08,96,230
(Secured by first mortgage and charge on all the immovable and movable assets, present and future, subject to prior charge on specified movables created or to be created in favour of bankers by way of security of borrowings for working capital ranking pari passu with the charges created or to be created in favour of the participating financial institutions and personal guarantee of two directors of the company)		
B. Working Capital Loans :		
From Banks:	5,23,16,876	1,36,45,066
(On hypothecation of stocks and book debts and further secured by second charge on specified fixed assets of the company and personal guarantee of two Directors of the company)		
C. Other Loans:		
Loans from Others:	–	2,00,649
(On the Hypothecation of vehicles and plant and machinery)		
	<u>6,03,29,243</u>	<u>6,27,41,945</u>
4. UNSECURED LOANS:		
Fixed deposits	1,83,71,000	1,84,98,000
From directors	80,39,000	46,42,000
Deposits from dealers and others	72,31,987	72,06,988
	<u>3,36,41,987</u>	<u>3,03,46,988</u>
5. DEFERRED TAX LIABILITY (NET):		
- Opening balance	2,92,65,662	2,78,62,393
- Additional adjustment for the current year	1,23,24,731	14,03,269
(Refer note no.18 of schedule 26)	<u>4,15,90,393</u>	<u>2,92,65,662</u>

6. FIXED ASSETS :	(Rupees)									
	Gross Block				Depreciation / Amortisation			Net Block		
Description of Assets	Cost/ professional Valuation As at 01.04.2009	Additions during the year	Deductions during the year	Total cost/ professional valuation as at 31.03.2010	Upto 31.03.2009	For the year	On deductions	Total upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible assets:										
Land	1,20,94,588	33,91,425	--	1,54,86,013	--	--	--	--	1,54,86,013	1,20,94,588
Leasehold land	2,19,386	--	--	2,19,386	21,606	2,216	--	23,822	1,95,564	1,97,780
Roads and buildings	7,08,62,924	31,54,960	--	7,40,17,884	1,57,20,641	20,08,604	--	1,77,29,245	5,62,88,639	5,51,42,283
Plant and machinery	18,83,77,466	5,32,21,000	--	24,15,98,466	6,67,03,293	1,06,84,208	--	7,73,87,501	16,42,10,965	12,16,74,173
Research and Development equipment	64,13,349	40,66,599	--	1,04,79,948	12,57,330	3,63,144	--	16,20,474	88,59,474	51,56,019
Data processing equipment	50,14,371	3,84,721	--	53,99,092	34,08,851	4,73,869	--	38,82,720	15,16,372	16,05,520
Office equipment	33,92,754	3,83,081	--	37,75,835	17,92,020	1,74,543	--	19,66,563	18,09,272	16,00,734
Furniture and fixtures	25,40,213	83,425	--	26,23,638	17,28,824	1,60,784	--	18,89,608	7,34,030	8,11,389
Vehicles	72,90,930	19,36,746	10,07,378	82,20,298	28,50,288	7,22,094	3,11,632	32,60,750	49,59,548	44,40,642
Intangible assets:										
ERP licence fee	8,32,000	--	--	8,32,000	8,32,000	--	--	8,32,000	--	--
Software	8,09,546	87,795	--	8,97,341	1,00,869	2,80,720	--	3,81,589	5,15,752	7,08,677
Total	29,78,47,527	6,67,09,752	10,07,378	36,35,49,901	9,44,15,722	1,48,70,182	3,11,632	10,89,74,272	25,45,75,629	20,34,31,805
Previous year Total	27,94,53,311	1,91,71,720	7,77,504	29,78,47,527	8,24,64,380	1,21,79,451	2,28,109	9,44,15,722	20,34,31,805	19,69,88,931

Note: Land and buildings and plant and machinery pertaining to detonators division at Peddakandukur were revalued by registered valuers as at 31st March 1993.

(Rupees)

	As at 31st March, 2010	As at 31st March, 2009
7. INVESTMENTS: (At cost)		
Non-trade, unquoted		
Current Investments:		
In Mutual Funds:		
SBI Mutual fund -SBI-Magnum Insta Cash Fund Liquid Floater Plan - Growth	1,00,00,000	-
631058.1583 Units of Rs.10/- each (Net Asset Value: Rs.1,00,00,000/-)		
SBI Mutual fund -SBI-SHF-Short Term-Institutional Plan - Weekly Dividend		
2727149.976 Units purchased, 7417.175 Units reinvested and 2734567.151 Units sold during the year.		
Long term investments:		
a) 4,99,300 Equity shares of Rs.10/- each fully paidup in Premier Explochem Limited	49,93,000	49,93,000
Less : Provision for diminution in book value	49,88,007	49,88,007
	<u>4,993</u>	4,993
b) 24,800 Equity shares of Rs.10/- each fully paidup in VTL Premier Pyrotechnics Limited	2,48,000	2,48,000
c) 4,50,000 (Previous Year: 6,00,000) Equity shares of Rs.10/- each fully paid up in Premier Wire Products Limited	45,00,000	60,00,000
Joint ventures:		
a) 9,000 Equity shares of \$10 each in Premier Georgia Limited.	40,63,035	40,63,035
Less : Provision for diminution in book value	40,63,035	-
	-	40,63,035
b) 3,600 Equity shares of YTL 25 each in Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S.	27,81,546	27,81,546
Less : Provision for diminution in book value	27,81,546	27,81,546
	-	-
	<u>1,47,52,993</u>	<u>1,03,16,028</u>
8. INVENTORIES:		
(As certified by the management)		
Raw materials	3,88,64,035	2,62,44,728
Work-in-process	2,43,35,450	1,94,21,745
Finished goods	3,22,08,391	1,72,27,752
Stock of stores	1,07,23,032	1,00,26,048
Scrap	6,26,079	4,55,813
	<u>10,67,56,987</u>	<u>7,33,76,086</u>

Premier Explosives Limited

	As at 31st March, 2010	As at 31st March, 2009
(Rupees)		
9. SUNDRY DEBTORS :		
(Unsecured, considered good)		
Outstanding for more than six months:	25,59,449	1,27,34,879
Others	9,64,14,855	8,05,26,474
	<u>9,89,74,304</u>	<u>9,32,61,353</u>
10. CASH AND BANK BALANCES :		
Cash on hand	9,24,239	6,39,719
Cash at scheduled banks :		
In current accounts	18,13,243	96,04,395
In dividend accounts	12,15,705	10,12,306
In fixed deposits	1,60,90,106	1,05,88,748
(Of the above, Rs.1,39,17,855/- (previous year Rs.85,35,424/-) was pledged towards margin on letters of credit and bank guarantees, Rs.48,801/- (previous year Rs.44,043/-) to sales tax authorities, Rs.9,23,450/- (previous year Rs.8,45,324/-) to Naval Armament Depot.)		
	<u>2,00,43,293</u>	<u>2,18,45,168</u>
11. OTHER CURRENT ASSETS :		
Interest accrued on fixed deposits and investments	6,54,667	6,29,154
	<u>6,54,667</u>	<u>6,29,154</u>
12. LOANS AND ADVANCES :		
(Unsecured, recoverable in cash or in kind or for value to be received)		
Considered good :		
Deposit with central excise authority (net)	30,79,332	27,84,894
Other advances and deposits	4,92,88,818	10,19,78,992
Prepaid expenses	26,53,212	15,65,226
Claims receivable	77,534	42,000
Considered doubtful :		
Other advances and deposits	8,61,04,680	1,60,70,707
Less: Provision for doubtful advances	<u>8,61,04,680</u>	<u>1,60,70,707</u>
	<u>5,50,98,896</u>	<u>10,63,71,112</u>

(Rupees)

	As at 31st March, 2010	As at 31st March, 2009
13. CURRENT LIABILITIES :		
Dues of Micro and Small Enterprises (Refer note no.5 of schedule 26)	10,23,470	209
Dues of Creditors other than Micro and Small Enterprises	9,95,37,052	9,59,92,469
Advances from customers	2,87,62,024	3,59,97,390
Interest accrued but not due	1,22,569	4,79,566
Unclaimed dividend (There is no amount due and outstanding to be credited to investor education and protection fund)	12,15,705	10,12,306
	<u>13,06,60,820</u>	<u>13,34,81,940</u>
14. PROVISIONS :		
Proposed Dividend	1,62,47,804	1,21,84,090
Provision for Corporate Dividend Tax	26,98,557	20,70,686
Provision for taxation (net of prepaid taxes)	57,62,227	35,37,320
Provision for Fringe Benefits Tax (net of advance tax)	-	1,16,202
Provision for interest on income tax	36,54,203	37,14,153
Provision for gratuity and leave encashment	1,25,79,932	92,00,345
	<u>4,09,42,723</u>	<u>3,08,22,796</u>

Schedules Forming Part of Profit and Loss Account

(Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
15. SALES AND SERVICES:		
Sales	85,00,57,583	68,84,08,980
Income from service operations	9,94,77,900	8,16,75,757
	<u>94,95,35,483</u>	<u>77,00,84,737</u>
16. OTHER INCOME :		
Interest earned (gross) (Tax deducted at source: Rs.3,03,846/-, previous year: Rs.4,77,330/-)	29,66,898	26,54,641
Dividends from Current non-trade investments	74,754	-
Profit on sale of Current non-trade Investments (Net)	6,738	-
Miscellaneous income	1,02,35,824	77,19,648
Excess liabilities written back	3,01,655	14,500
Foreign exchange fluctuations (net)	37,73,665	7,46,126
	<u>1,73,59,534</u>	<u>1,11,34,915</u>

Premier Explosives Limited

	(Rupees)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
17. MATERIALS CONSUMED :		
(a) Raw material consumed:		
Opening stock	2,62,44,728	2,73,25,183
Add: Purchases	41,54,25,157	31,47,88,685
	<u>44,16,69,885</u>	<u>34,21,13,868</u>
Less: Closing stock	3,88,64,035	2,62,44,728
	<u>40,28,05,850</u>	<u>31,58,69,140</u>
(b) Trade purchases	67,87,582	24,31,396
	<u><u>40,95,93,432</u></u>	<u><u>31,83,00,536</u></u>
18. MANUFACTURING EXPENSES:		
Consumable stores	18,64,486	18,88,910
Power and fuel	80,57,017	75,54,118
Repairs and maintenance to :		
Plant and machinery	1,38,27,166	99,25,969
Roads and buildings	26,33,077	8,13,764
Equipment hire charges	24,00,000	18,50,000
	<u>2,87,81,746</u>	<u>2,20,32,761</u>
19. EXPENSES ON EMPLOYEES:		
Salaries, wages, bonus, gratuity and other benefits	13,25,56,086	11,56,81,249
Workmen and staff welfare expenses	72,81,724	52,76,654
Contribution to provident fund	74,21,175	68,93,852
Contribution to E.S.I	24,97,648	25,18,840
	<u>14,97,56,633</u>	<u>13,03,70,595</u>
20. RESEARCH AND DEVELOPMENT EXPENSES:		
Material consumed	7,12,833	5,84,324
Salaries, wages and other benefits	37,81,680	42,19,002
Contribution to provident fund	2,54,985	2,57,143
Contribution to E.S.I	1,64,330	1,35,624
	<u>49,13,828</u>	<u>51,96,093</u>
21. OTHER EXPENSES :		
Directors' remuneration (Refer note no.7 of schedule 26)	1,46,11,349	76,34,237
Directors' sitting fees	5,05,000	1,97,500
Travelling and conveyance	1,32,35,634	1,15,48,290
Professional charges	35,49,631	34,34,566
Printing and stationery	14,19,087	11,44,688
Communication expenses	20,69,817	21,21,148
Rates and taxes	25,18,777	29,22,121
Advertisement	2,40,174	2,52,581
Vehicle maintenance	84,05,460	80,31,623
Repairs and maintenance to other assets	24,46,030	11,44,394
Carriage and freight	2,11,53,687	2,19,64,109
Less: Freight and handling charges recovered	<u>1,43,83,553</u>	<u>1,10,22,161</u>
	<u>67,70,134</u>	<u>1,09,41,948</u>

Contd...

(Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Insurance	21,05,758	24,16,583
Rent	13,46,186	10,85,110
Payments to auditors (Refer note no.10 of schedule 26)	6,98,764	4,97,368
General expenses	1,39,64,822	1,08,99,981
Donations	1,85,909	24,966
Bad debts written off	22,103	-
Loss on sale of assets (net)	1,41,746	1,57,395
Advances written off	-	2,54,94,036
Less: Provision for doubtful advances no longer required	-	2,54,94,036
	<u>-</u>	<u>-</u>
	<u>7,42,36,381</u>	<u>6,44,54,499</u>
22. SELLING EXPENSES :		
Sales Commission	1,17,79,866	47,64,283
Sales promotion expenses	11,00,619	7,90,126
Discount	2,64,562	1,98,040
Other selling expenses	20,59,247	13,67,080
	<u>1,52,04,294</u>	<u>71,19,529</u>
23. FINANCE CHARGES :		
Interest on fixed loans	14,20,150	34,05,028
Interest to others	70,95,969	1,57,93,989
Other finance charges	3,00,000	16,52,267
Bank charges and commission	65,07,927	70,52,524
	<u>1,53,24,046</u>	<u>2,79,03,808</u>
24. (INCREASE)/DECREASE IN STOCKS :		
Opening stock:		
Finished goods	1,72,27,752	1,43,93,527
Work-in-process	1,94,21,745	1,77,92,369
Scrap	4,55,813	14,53,203
	<u>3,71,05,310</u>	<u>3,36,39,099</u>
Less: Closing stock:		
Finished goods	3,22,08,391	1,72,27,752
Work-in-process	2,43,35,450	1,94,21,745
Scrap	6,26,079	4,55,813
	<u>5,71,69,920</u>	<u>3,71,05,310</u>
	<u>(2,00,64,610)</u>	<u>(34,66,211)</u>
Excise duty adjustment on finished goods inventory	(2,61,591)	5,73,553
(Increase)/Decrease in stocks	<u>(1,98,03,019)</u>	<u>(40,39,764)</u>
25. WRITE OFFS/PROVISIONS RELATING TO JOINT VENTURES :		
(Refer note no.6 of schedule 26)		
Bad debts written off	-	3,06,33,833
Provision for doubtful interest receivable	-	1,60,70,707
Provision for doubtful advances	7,00,33,973	-
Royalty receivable written off	-	2,48,090
Technical know how fees receivable written off	-	39,67,000
Provision for diminution in book value of investments	40,63,035	27,81,546
	<u>7,40,97,008</u>	<u>5,37,01,176</u>

26. NOTES TO ACCOUNTS:

1. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.
2. Contingent liabilities (Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
(a) On account of guarantees issued by the banks on behalf of the company	14,56,16,183	13,65,32,390
(b) Sales tax demands disputed by the company pending in appeal	1,51,30,507	1,51,30,507
(c) Income tax demands disputed by the company pending in appeal	3,86,660	6,61,369
(e) Guarantees issued by the company on behalf of associate company	2,65,05,248	3,07,41,667

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). 3,89,039 3,83,090
4. Confirmation letters have been issued in respect of debts, loans and advances and sundry creditors of the company but not responded to in many 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 management the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

5. Dues of micro and small enterprises :

Information as required to be disclosed under schedule VI of the Companies Act, 1956 with reference to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) as given below and the information mentioned at Schedule No.12 - Current Liabilities w.r.t. dues of Micro and Small Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied on by the auditors:

Particulars	2009 - 10	2008 - 09
Principal amount remaining unpaid as on 31st March	10,23,470	209
Interest due thereon as on 31st March	NIL	NIL
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year	NIL	NIL
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	NIL	NIL
Interest accrued and remaining unpaid as at 31st March	NIL	NIL
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	NIL	NIL

6. Write offs/provisions relating to Joint Ventures:

The exceptional items in the Profit and Loss Account amounting to Rs.7,40,97,008 refer to the provisions in respect of loans, advances etc. made in Joint Ventures in Turkey and Georgia. Operations of these units have been closed as they have been found unviable. The amounts receivable from the Joint Ventures towards supply of machinery, materials, technical know how as well as the amounts of loans, interest thereon and royalty are found not recoverable. In the absence of any operations, value of equity also has diminished. In these circumstances it is considered prudent to make necessary provisions towards the said items. Accordingly an amount of Rs.7,40,97,008 in the current year and Rs.5,37,01,176 in the previous year have been provided as exceptional items to their full extent. Necessary regulatory permissions have already been received for writing off the export receivables and permissions for write off of other amounts are in process.

(Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
7. a) Directors' remuneration:		
Salary and allowances	72,34,642	51,31,620
Contribution to provident fund	5,44,855	3,66,768
Perquisites	13,04,540	8,84,149
Commission	55,27,312	12,51,700
	<u>1,46,11,349</u>	<u>76,34,237</u>
b) Calculation of commission:		
Computation of net profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956 with relevant details of calculation of commission payable by way of percentage of such profits to Chairman and Managing Director and Other Directors for the year ended 31st March, 2010		
Profit as per profit and loss account	12,98,50,111	6,12,15,881
Add: Managerial remuneration including perquisites and benefits	1,46,11,349	76,34,237
Director's sitting fees	5,05,000	1,97,500
Wealth tax	15,398	21,750
Loss on sale of assets (net)	1,41,746	1,57,395
Provision for doubtful interest receivable	-	1,60,70,707
Provision for diminution in book value of investment	40,63,035	27,81,546
Provision for doubtful advances	7,00,33,973	-
Depreciation as per books	1,47,65,439	1,20,74,708
	<u>23,39,86,051</u>	<u>10,01,53,724</u>
Less: Provision for doubtful debts no longer required	-	2,54,94,036
Less: Depreciation as envisaged under Section 350 of the Companies Act	1,47,65,439	1,20,74,708
	<u>21,92,20,612</u>	<u>6,25,84,980</u>
Commission on profits:		
Commission @1% to Chairman and Managing Director proportionately for 319 days	19,15,928	6,25,850
Commission @1.5% to Chairman and Managing Director proportionately for 46 days	4,14,417	-
Commission @0.5% to Executive Director	10,96,103	3,12,925
Commission @0.5% to Director (Marketing)	10,96,103	3,12,925
Commission @0.5% to Director (Production) proportionately for 11 months	10,04,761	-

8. Additional information as required by Part-II of Schedule VI of the Companies Act, 1956
a) Details of capacities, production and turnover

Product	Licenced/registered Capacity		Installed Capacity (As certified by the management)		Actual production		Turnover			
	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2009
Explosives								Rs.	QTY	Rs.
Industrial explosives (tonnes)	38,000	33,000	38,000	33,000	16,959,402	11,469,555	16,959,402	36,37,31,008	11,469,555	22,53,18,510
Detonators (million nos)	100	100	100	100	67,739	52,080	67,563	35,11,30,145	51,646	32,45,66,005
Styphnic acid (tonnes)	10	10	4.50	4.50	1,867	1,562	0,450	9,05,755	0,400	627,497
Styphnic acid for captive consumption (tonnes)	-	-	-	-	-	-	-	-	1,390	-
Detonating fuse (million meters)	45	45	45	45	18,031	15,528	14,896	5,50,47,693	14,932	5,37,56,197
PETN (tonnes)	700	700	700	700	272,248	225,414	-	-	-	-
PETN captive consumption (tonnes)	-	-	-	-	-	-	271,048	-	224,914	-
Boostex (tonnes)	500	500	500	500	121,106	75,358	103,580	2,62,06,344	76,225	1,76,51,667
Boostex for captive consumption (tonnes)	-	-	-	-	-	-	-	-	0,525	-
Special products (Pyrogen/Propellants) (Capacities in tonnes & production and sales in nos)	1000	150	200	150	94	162	94	1,70,50,115	162	4,28,15,000
Pyros (nos)	2000000	-	2000000	-	5268	-	5,168	2,47,48,766	-	-
CL -20 (kgs)	10000	-	10000	-	50,50	-	50,50	18,85,000	-	-
HNS (kgs)	10000	-	10000	-	0,590	-	0,590	28,372	-	-
HNF(kgs)	10000	-	-	-	-	-	-	-	-	-
Power from wind mills (units)	-	-	800 kW	-	161,832	-	1,38,276	4,68,755	-	-
Power captive consumption (units)	-	-	-	-	-	-	6,900	-	-	-
Others	-	-	-	-	-	-	-	10,83,33,530	-	10,53,49,861
								94,95,35,483		77,00,84,737

8. Additional information as required by Part-II of Schedule VI of the Companies Act, 1956
b) Details of opening stock, closing stock and purchases

Product	Opening Stock				Closing Stock				Purchases			
	Year ended 31st March, 2010		Year ended 31st March 2009		Year ended 31st March 2010		Year ended 31st March 2009		Year ended 31st March 2010		Year ended 31st March 2009	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
Explosives		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Industrial explosives (tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Detonators (million nos)	2.437	1,30,66,060	2.003	1,20,48,391	2.613	1,52,68,221	2.437	1,30,66,060	-	-	-	-
Styphnic acid (tonnes)	0.038	15,555	-	-	0.065	66,583	0.038	15,555	-	-	-	-
Styphnic acid for captive consumption(tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Detonating fuse (million meters)	1.263	36,54,188	0.667	17,28,996	4.398	1,22,39,341	1.263	36,54,188	-	-	-	-
PETN (tonnes)	0.800	94,973	0.300	28,494	2.000	2,35,362	0.800	94,973	-	-	-	-
PETN captive consumption (tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Boostex (tonnes)	2.030	3,89,560	3.422	5,80,230	19.556	39,61,126	2.030	3,89,560	-	-	-	-
Boostex for captive consumption (tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Special products(Pyrogen/Propellants) (Capacities in tonnes & production and sales in nos)	-	-	-	-	-	-	-	-	-	-	-	-
Pyros (nos)	-	-	-	-	100	3,60,000	-	-	-	-	-	-
CL -20 (kgs)	-	-	-	-	-	-	-	-	-	-	-	-
HNS (kgs)	-	-	-	-	-	-	-	-	-	-	-	-
HNF(kgs)	-	-	-	-	-	-	-	-	-	-	-	-
Power from wind mills (units)	-	-	-	-	16,656	56,464	-	-	-	-	-	-
Power captive consumption (units)	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	7,416	-	7,416	-	21,294	-	7,416	-	67,87,582	-	24,31,396
		1,72,27,752		1,43,93,527		3,22,08,391		1,72,27,752		67,87,582		24,31,396

Premier Explosives Limited

(Rupees)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	QTY	VALUE (Rs.)	QTY	VALUE (Rs.)
c) Details of raw material consumed :				
Ammonium nitrate (tonnes)	12,104.906	20,10,34,814	8484.817	14,71,31,793
GI wire (tonnes)	309.131	2,41,83,325	229.768	1,78,27,893
Aluminium strip (tonnes)	108.984	1,64,49,682	76.355	1,23,21,925
Others		16,11,38,029		13,85,87,529
		<u>40,28,05,850</u>		<u>31,58,69,140</u>
d) Value of imported and indigenous raw materials and spare parts consumed and their percentages to total consumption:				
	Value(Rs)	%	Value(Rs)	%
Raw materials :				
Imported	2,05,779	0.05	1,41,826	0.04
Indigenous	40,26,00,071	99.95	31,57,27,314	99.96
	<u>40,28,05,850</u>	<u>100.00</u>	<u>31,58,69,140</u>	<u>100.00</u>
Spare parts:				
Imported	8,021	0.13	–	–
Indigenous	59,97,425	99.87	35,17,100	100.00
	<u>60,05,446</u>	<u>100.00</u>	<u>35,17,100</u>	<u>100.00</u>
e) C.I.F. value of imports :				
Raw materials	1,15,786		2,40,210	
Capital goods	37,09,005		87,377	
Stores and spares	67,428		–	
	<u>38,92,219</u>		<u>3,27,587</u>	
f) Expenditure in foreign currency: (on accrual basis)				
Rates and taxes	35,760		6,18,420	
Travel	3,69,346		6,07,470	
Commission	12,37,310		8,64,501	
Professional charges	6,10,675		1,91,351	
Carriage and freight	19,52,600		–	
Other expenses	5,73,865		2,38,616	
	<u>47,79,556</u>		<u>25,20,358</u>	
g) Earnings in foreign exchange: (on accrual basis)				
FOB value of exports	4,18,94,140		3,82,07,476	
	<u>4,18,94,140</u>		<u>3,82,07,476</u>	

(Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
9. Expenditure under the following heads of account include prior period expenses as given below:		
Expenses on employees	3,51,877	7,59,782
Other expenses	1,82,418	7,33,080
Other selling expenses	3,000	-
	5,37,295	14,92,862
10. Payments to auditors :		
As Auditors	3,50,000	2,50,000
For Tax audit	1,50,000	-
For Income tax matters	50,000	-
For Quarterly reviews	70,000	90,000
For Certification	45,000	96,000
For Expenses	33,764	61,368
	6,98,764	4,97,368

11. Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

S.No.	Particulars	Type of Foreign Currency	2009-2010		2008-2009	
			Amount in foreign Currency	Equivalent Amount in Rupees	Amount in foreign Currency	Equivalent Amount in Rupees
1	Long term borrowings	USD	176445	80,12,367	601445	3,08,96,230
2	Payables for supplies, services etc.	USD	267250	1,21,35,806	273746	1,40,62,373
3	Receivables for supplies and services	USD	77242	34,69,711	-	-
4	Loans and advances	USD	1284969	6,51,47,928	1284969	6,51,47,928
		EURO	312694	2,09,56,752	312694	2,09,56,752
5	Bank guarantees	EURO	143100	95,23,561	24900	17,04,405

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

Defined contribution plans:	2009-2010	2008-2009
Contribution to provident fund	82,21,015	75,17,763
Defined benefit plans:		
Gratuity:		
Disclosures (as per actuarial certification)		
Profit and loss account:		
Current service cost	8,78,801	9,99,124
Interest cost on benefit obligation	13,05,132	10,36,911
Expected return on plan assets	(8,29,793)	(6,19,289)
Net Actuarial (Gain), Loss recognised in the year	31,65,057	14,44,316
Past services cost	NIL	NIL
Net benefit expenses	45,19,197	28,61,062

(Rupees)

Defined contribution plans:	2009-2010	2008-2009
Balance sheet:		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	1,63,14,159	1,29,61,395
Interest cost	13,05,132	10,36,911
Current services cost	8,78,801	9,99,124
Benefits paid	(11,03,636)	(1,27,587)
Actuarial (gain)/losses on obligation	31,65,057	14,44,316
Closing defined benefit obligation	2,05,59,513	1,63,14,159
The principal assumptions used in determining gratuity	%	%
Salary rise	4	4
Discount rate	8	8
Attrition rate	4	4
Defined benefit plans:		
Leave encashment:		
Disclosures (as per actuary certification)		
Profit and loss account:		
Current service cost	2,65,164	61,252
Interest cost on benefit obligation	67,059	1,30,215
Expected return on plan assets	NIL	NIL
Net actuarial (Gain), loss recognised in the year	20,07,455	14,077
Past services cost	NIL	NIL
Net benefit expenses	23,39,678	2,05,544
Balance sheet:	2009-2010	2008-2009
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	18,33,238	16,27,694
Interest cost	67,059	1,30,215
Current services cost	2,65,164	61,252
Benefits Paid	(14,49,865)	–
Actuarial (gain)/losses on obligation	20,07,455	14,077
Closing defined benefit obligation	27,23,051	18,33,238
The principal assumptions used in determining gratuity	%	%
Salary rise	4	4
Discount rate	8	8
Attrition rate	4	4
State plans		
Contribution to E.S.I	26,61,978	26,54,464

13. Segmental reporting:

In accordance with Accounting Standard - 17 "Segment Reporting" issued under the Companies (Accounting Standard) Rules 2006, the Company's business consists of two reportable segments i.e., Explosives and 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 geographic areas based on the location of the customers.

The following tables present the revenue, profit, assets and liabilities information relating to the business/geographical segment for the year ended 31st March, 2010

Information about Business Segment - Primary

(Rupees)

Reportable segments	Explosives and Accessories 2009-10	Wind Power 2009-10	Total 2009-10
Revenue			
External sales	94,90,66,728	4,68,755	94,95,35,483
Inter segment sales	–	–	–
Total revenue	94,90,66,728	4,68,755	94,95,35,483
Result			
Segment result	13,71,36,425	(17,37,093)	13,53,99,332
Interest(Net)	–	–	55,49,221
Profit before tax	–	–	12,98,50,111
Less: Income Tax Expense	–	–	7,04,17,664
Profit after tax	–	–	5,94,32,447
Other information			
Segment assets	54,63,51,667	4,20,66,004	58,84,17,671
Segment liabilities	25,45,58,343	16,00,000	25,61,58,343
Unallocated liabilities	–	–	94,16,430
Total liabilities	25,45,58,343	16,00,000	26,55,74,773
Capital expenditure			
Tangible assets	2,34,21,957	4,32,00,000	6,66,21,957
Intangible assets	87,795	–	87,795
Depreciation	1,25,29,279	22,36,160	1,47,65,439

Secondary segment - Geographical by location of customers

Particulars	2009-10		2008-09	
	Rs.	%	Rs.	%
Domestic	90,76,41,343	95.59	73,18,77,261	95.04
Exports	4,18,94,140	4.41	3,82,07,476	4.96
Total	94,95,35,483	100.00	77,00,84,737	100.00

Note: 1. This being first year for Segment Reporting, no comparative figures have been provided.

2. The company does not track its assets and liabilities by geographical area.

14. As per Accounting Standard (AS - 18) on Related Party disclosures issued by the Institute of Chartered Accountants of India and notified by Companies (Accounting Standards), Rules 2006 the disclosure of transactions with the related party as defined in the accounting standard are given below :

I. List of Related parties with whom transactions have taken place and nature of relationships :

a) Key management personnel :

Mr.A.N.Gupta

Mr. T.V.Chowdary

Mr. K.Chalil

Dr.N.V.Srinivasa Rao

b) Relatives of key management personnel :

Dr. (Mrs.) Kailash Gupta
 Mrs. Shonika Gupta
 Mrs. Parvathi Latish
 Mrs.T.Malati
 Ms.T.Shruti
 Mr.T.Lohit
 Mrs.P.P.Malu

c) Concerns in which key management personnel have substantial interest (Significant interest entities) :

Amar Leasing
 A. N. Gupta (HUF)
 Godavari Farms & Plantations

d) Concerns in which relatives of key management personnel have substantial interest (Significant interest entities) :

Godavari Explosives Limited
 Ask Consultants Private Limited
 Aims
 Team Industries

e) Concerns in which the company has substantial interest :

Premier Wire Products Limited

f) Joint Ventures :

Premier Georgia Limited
 Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S.

II. Details of Transactions with the Related Parties:

(Rupees)

S. No.	Name of the Related Party / Nature of Transaction	2009-2010		2008-2009	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
1	Subsidiary company				
	Rent paid	–	–	57,500	1,10,40,094 Dr
	Investment	–		60,00,000	
	Sale of fixed assets	–		2,00,000	
	Lease rent received	–		19,500	
	Interest recovered	–		9,79,488	
	Purchase of raw materials	–		24,56,587	
	Loan given	–		1,00,00,000	
	Purchase of consumables	–		79,908	
	Staff cost recovered	–		1,35,500	
	Sale of materials	–		–	
2.	Key management personnel				
	Managerial remuneration	1,46,11,349	77,45,336 Cr	76,34,237	17,76,128 Cr
	Acceptance of unsecured loans	22,00,000		16,70,000	
	Interest paid	1,03,996		1,70,463	
	Repayment of unsecured loans	6,00,000		31,50,000	

(Rupees)

S. No.	Name of the Related Party / Nature of Transaction	2009-2010		2008-2009	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
3.	Relatives of key management personnel				
	Sitting fees	1,10,000	1,38,14,739 Cr	35,000	1,38,85,738 Cr
	Acceptance of unsecured loans	18,00,000		10,47,000	
	Repayment of unsecured loans	25,10,000		24,71,000	
	Interest paid	16,22,692		15,92,007	
4.	Concerns in which key management personnel have substantial interest (Significant interest entities)				
	Acceptance of unsecured loans	8,00,000	40,73,579 Cr	12,00,000	37,73,255 Cr
	Repayment of unsecured loans	6,08,000		3,40,000	
	Interest paid	4,08,670		3,53,505	
	Rent received	9,370		10,824	
	Lease rent paid	6,00,000		50,000	
5.	Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)				
	Jobwork charges paid	17,57,944	29,89,955.13 Dr	17,32,830	43,91,433 Dr
	Other expenses paid	4,80,375		4,25,576	
	Lease rent paid	18,00,000		18,00,000	
	Interest recovered	4,51,967		6,03,062	
	Rent Paid	22,000		–	
6.	Concerns in which the company has substantial interest				
	Rent paid	60,000	72,87,085 Dr	–	–
	Lease rent received	1,56,000		–	
	Interest recovered	12,25,000		–	
	Purchase of raw materials	2,55,73,843		–	
	Staff cost recovered	3,30,020		–	
	Sale of Materials	1,66,341		–	
	Debit balance written off	–		2,54,94,036	
	Provision for doubtful advances no longer required	–		2,54,94,036	
	Investment	–		2,48,000	
7.	Joint Ventures				
	Loan given		8,61,04,680 Dr	17,29,558	8,61,04,680 Dr
	Bad debts written off	–		3,06,33,833	
	Royalty receivable written off	–		2,48,090	
	Provision for diminution in book value of investments	40,63,035		27,81,546	
	Provision for doubtful interest receivable	–		1,60,70,707	
	Technical know-how fees receivable written off	–		39,67,000	
	Provision for doubtful advances	7,00,33,973		–	

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

Sl. No.	Particulars	2009-2010 Rs.	2008-2009 Rs.
1	Acceptance of unsecured loans		
	Mr. A.N. Gupta	22,00,000	16,70,000
	A.N. Gupta(HUF)	8,00,000	12,00,000
	Mrs. P.P. Malu	–	9,80,000
	Dr. (Mrs.) Kailash Gupta	9,00,000	–
2	Bad debts written off		
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	–	2,03,59,161
	Premier Georgia Limited	–	1,02,74,672
3	Interest received		
	Premier Wire Products Limited	12,25,000	9,79,488
	Godavari Explosives Limited	4,51,967	6,03,062
4	Interest paid		
	A.N.Gupta(HUF)	4,08,670	3,53,505
	Dr. (Mrs.) Kailash Gupta	6,02,057	5,58,572
	Mrs. Shonika Gupta	7,82,642	8,29,929
	Mr.A.N.Gupta	–	1,70,463
5	Provision for doubtful interest receivable		
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	–	21,37,536
	Premier Georgia Limited	–	1,39,33,171
6	Lease rent received		
	Premier Wire Products Limited	1,56,000	19,500
	Godavari Farms & Plantations	9,370	10,824
7	Job work charges paid		
	Ask Consultants Private Limited	2,19,130	3,20,377
	Aims	4,28,830	3,67,439
	Team Industries	11,09,984	10,45,015
8	Lease rent paid		
	Godavari Explosives Limited	18,00,000	18,00,000
	Amar Leasing	6,00,000	–
9	Loans given		
	Premier Wire Products Limited	–	1,00,00,000
	Premier Georgia Limited	–	17,29,558
10	Remuneration including perquisites		
	Mr.A.N. Gupta	68,33,546	40,79,321
	Mr. T.V. Chowdary	28,74,463	18,61,814
	Mr. K. Chalil	26,97,438	16,93,102
	Dr.N.V. Srinivasa Rao	22,05,902	–
11	Rent paid		
	Premier Wire Products Limited	60,000	57,500
	Ask Consultants Pvt Ltd	22,000	–

Sl. No.	Particulars	2009-2010 Rs.	2008-2009 Rs.
12	Repayment of unsecured loans		
	Mr. A.N. Gupta	6,00,000	31,50,000
	Mrs. Shonika Gupta	7,33,000	12,50,000
	Mrs. P.P. Malu	–	9,17,000
	Dr. (Mrs.) Kailash Gupta	11,03,000	2,50,000
	Mr. A.N. Gupta (HUF)	6,08,000	–
13	Technical know-how fees receivable written off		
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	–	19,83,500
	Premier Georgia Limited	–	19,83,500
14	Royalty receivable written off		
	Premier Georgia Limited	–	2,48,090
15	Provision for diminution in book value of investments		
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	–	27,81,546
	Premier Georgia Limited	40,63,035	–
16	Investment		
	Premier Wire Products Limited	–	60,00,000
17	Debit balance written off		
	Premier Explochem Limited	–	2,54,94,036
18	Provision for doubtful advances no longer required		
	Premier Explochem Limited	–	2,54,94,036
19	Sale of machinery and spares		
	Premier Wire Products Limited	–	2,00,000
20	Sitting fees		
	Dr. (Mrs.) Kailash Gupta	1,10,000	35,000
21	Staff cost recovered		
	Premier Wire Products Limited	3,30,020	1,35,500
22	Transport charges paid		
	Ask Consultants Private Limited	4,80,375	4,19,576
23	Purchase of materials		
	Premier Wire Products Limited	2,55,73,843	24,56,587
24	Sale of consumables		
	Premier Wire Products Limited	–	79,908
25	Sale of materials		
	Premier Wire Products Limited	1,66,341	–
26	Provision for doubtful advances		
	Premier Georgia Limited	5,12,14,757	–
	Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	1,88,19,216	–

15. Particulars in respect of loans and advances in the nature of loans as required by the listing agreement.

Name of the company	Balance as at		Maximum outstanding during	
	31-03-2010	31-03-2009	2009-2010	2008-2009
Loans and advances in the nature of loans given to associates: Premier Wire Products Limited	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000

16. Information on leases as per Accounting Standard 19 on "Accounting for Leases":

Operating Lease Expenses:

The company has various operating leases for equipments, office facilities and vehicles that are renewable on a periodic basis by mutual consent on mutually agreeable terms and cancellable at its option. Rental expenses for operating leases recognised in the Profit and Loss Account for the year is Rs.5,51,200/- (Previous Year : Rs.2,42,447/-).

17. Earnings per Share (EPS) - The numerator and denominator used to calculate Earnings per Share: (Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
- Profit attributable to the equity shareholders (Rs.) - (A)	5,94,32,447	2,86,05,728
- Basic/weighted average number of equity shares outstanding during the year - (B)	81,23,858	81,22,726
- Nominal value Equity Shares (Rs)	10	10
- Earnings per Share (Rs.) - (A) / (B)	7.32	3.52

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

The movement of provision for deferred tax is given below :

Particulars	Opening as at 01.04.2009	Charge/(Credit) during the year	Closing as at 31.03.2010
A. Deferred tax liabilities:			
Depreciation	4,51,27,967	99,36,947	5,50,64,914
Total - A	4,51,27,967	99,36,947	5,50,64,914
B. Deferred tax assets:			
(a) Expenses debited to the Profit and Loss Account in a year but allowable as deductible expenses for tax purposes in the subsequent years as reduced by the claims allowable in the current year in respect of such expenses on a payment basis.	77,59,001	3,77,233	81,36,234
(b) Others	81,03,304	(27,65,017)	53,38,287
Total - B	1,58,62,305	(23,87,784)	1,34,74,521
Total - (A - B)	2,92,65,662	1,23,24,731	4,15,90,393

19. Interests in Joint Ventures as per Accounting Standard 27:

The company's interests, as a venturer, in jointly controlled entities (Incorporated Joint Ventures) are :

Name	Country of Incorporation	Percentage of ownership interest as at 31 st March 2010
Premier Georgia Limited	Georgia	45%
Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	Turkey	50%

The company's interests in the Joint Ventures are reported as Long Term Investments (Schedule 7).

The company's share of each of the assets, liabilities, income and expenses, etc. related to its interests in the joint ventures are not given as audited / unaudited financial statements are not available.

20. 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 Schedule 24 "Increase/(Decrease) in stocks".
21. Information as required under part IV of Schedule VI of the Companies Act, 1956 is given in Annexure A.

27. SIGNIFICANT ACCOUNTING POLICIES**(a) Accounting convention:**

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

(b) Fixed assets :

Fixed assets are stated at cost of acquisition which includes inland freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT wherever applicable. In respect of project involving construction, related pre-operational expenses form part of the value of the assets capitalised. Revalued fixed assets are stated at the fair market value as per the valuation of registered valuers .The increase in value of such assets on revaluation is credited to the revaluation reserve account.

(c) Depreciation :

- (i) Depreciation is charged in the accounts under Straight Line Method in accordance with rates specified in Schedule XIV of the Companies Act, 1956
- (ii) Additional depreciation is charged on the increased amount of assets due to revaluation to the Revaluation Reserve created on the revaluation of the said assets
- (iii) Depreciation has been provided at one hundred percent for assets of cost less than Rs.5,000/-
- (iv) Leasehold Land is amortised over the lease period.

(d) Intangible assets and amortisation :

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

(e) Inventories:

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

(f) Borrowing costs:

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

(g) Investments:

Long term investments are valued at cost. Provision is made for decline, other than temporary, in value of investments.

(h) 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 :

Gross sales includes excise duty and adjustments for price variation and liquidated damages.

(ii) Interest:

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

(iii) Dividend:

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

(i) Excise duty :

Excise duties recovered are included in "Gross sales". Excise duty on despatches is shown as an item of expense and deducted from Gross sales. The value of closing stock of finished goods includes excise duty paid/payable on such stocks.

(j) Employee benefits :

Defined contribution plans:

Provident fund: Contribution to provident fund is made at the prescribed rates to the Employees Provident Fund Scheme by the Central Government and is charged to the Profit and Loss Account

Defined benefit plans:

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

(ii) Leave encashment: The Company records its unavailed leave liability based on actuarial valuation using projected unit credit method

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

State plans: Employer's contribution to Employee's State Insurance is charged to Profit and Loss Account

(k) Foreign exchange transactions :

Transactions in Foreign Exchange, other than those covered by Forward Contracts, are accounted for at the exchange rates prevailing on the date of transactions. Assets and Liabilities remaining unsettled at the end of the year other than those covered by forward contracts are translated at the closing rate. Realised gains and lossess on foreign exchange transactions are recognised in the Profit and loss account.

(l) Research and development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account. Capital Expenditure on Research and Development is shown as an addition to fixed assets

(m) 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.

(n) Taxation :

Tax expense (tax saving) is the aggregate of Current year Tax, Deferred Tax charged (or credited) to the Profit and Loss Account for the year.

(i) Current year charge

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

(ii) 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 on deferred tax assets and liabilities of a change in tax rates is recognised 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 recognised and carried forward only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(o) Contingent liabilities :

These are disclosed by way of Notes on the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liability after the year end, till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

(p) Provisions :

A provision is recognised when there is a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(q) Earnings per share :

Earnings Per Share are 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.

(r) Use of estimates :

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

Signatures to Schedules 1 to 27

Per our report of even date

For **P. V. R. K. NAGESWARA RAO & CO.,**

Chartered Accountants

Firm Registration No. 002283S

P. V. R. K. NAGESWARA RAO

Partner

Membership No.18840

A. N. GUPTA

Chairman and Managing Director

T. V. CHOWDARY

Executive Director

Date : 15.05.2010

Place : Secunderabad.

C. SUBBA RAO

Vice President (Finance)

AVINASH KUMAR SINGH

Company Secretary

Annexure - A

Balance Sheet Abstract and Company's General Business Profile (Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No. 2633

State Code

01

Balance Sheet Date 31.03.2010

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue : NIL

Rights Issue : NIL

Bonus Issue : NIL

Private Placement : NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities 416814

Total Assets 416814

Sources of Funds

Paid-Up Capital 81239

Reserves and Surplus 200014

Secured Loans 60329

Unsecured Loans 33642

Deferred Tax Liability 41590

Application of Funds

Net Fixed Assets 292136

Net Current Assets 109925

Investments 14753

Misc. Expenditure NIL

Accumulated Losses NIL

IV. Performance of Company (Amount in Rs.thousands)

Turnover/Other Income 906244

Total Expenditure 776394

Profit Before Tax 129850

Profit after Tax 59432

Earning per share in Rs. 7.32

Dividend rate 20%

IV. Generic Names of Three Principal Products/Services of Company (As per Monetary terms)**Item Code No.****Product Description**

36020010

1 Industrial Explosives

36030000

2 Detonators

36030020

3 Detonating Fuse

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) ECS MANDATE FORM

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

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

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

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

Place : _____ (.....)

Date : _____ Signature of the Shareholder

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

Bank's Stamp _____ (.....)

Date : _____ Signature of Authorized Official of the Bank

Note:

1. Please fill in the attached Mandate Form and send it to :
 - i) The depository participant who is maintaining your demat account in case your shares are held in electronic form.
 - ii) The Registrar & Transfer Agent, M/s. Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad - 500 034 in case your shares are held in physical form.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings bank pass book issued to you by your bank, for verification of the above particulars.
3. In case of more than one folio please complete details on separate sheets.
4. The completed mandate form should reach our Registrar's address (as mentioned above) on or before 20th September, 2009 to enable the Company to implement this facility.
5. The company shall finalise the facility based upon the quantum of response received from shareholders and the arrangements so finalized with the dividend bankers and subject to the various approvals and directions from RBI/other statutory agencies.

PREMIER EXPLOSIVES LIMITED

202 & 203, Minerva Complex, S.D. Road, Secunderabad - 500 003.

30th ANNUAL GENERAL MEETING, 31st JULY, 2010 AT 11.00 A.M.

ADMISSION SLIP

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

FOLIO No.
(to be filled in by the Shareholders)

Member's Signature

NOTE:

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

Name of the Proxy in BLOCK LETTERS

Proxy's Signature

PREMIER EXPLOSIVES LIMITED

202 & 203, Minerva Complex, S.D. Road, Secunderabad - 500 003.

PROXY FORM

FOLIO No.
(to be filled in by the Shareholders)

I / We being Member / Members of PREMIER EXPLOSIVES LIMITED hereby appoint of in the district of as my / our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of the company to be held on 31st July, 2010 and at any adjournment thereof.

Signed this day of 2010
Name
Address
.....

Revenue
Stamp

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

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

PREMIER EXPLOSIVES LIMITED - TEN YEARS AT A GLANCE

(Rupees in lakhs)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
ASSETS EMPLOYED										
Gross fixed assets	3309.42	3416.82	3455.39	3500.35	3534.51	3764.35	4940.87	2794.53	2978.48	3635.50
Accumulated depreciation	(956.47)	(1106.38)	(1249.87)	(1355.78)	(1307.32)	(1443.62)	(1622.82)	(824.64)	(944.16)	(1089.74)
Capital work in progress	14.02	0.82	26.26	66.55	14.13	803.12	3.29	13.51	0.00	0.00
Unallocated expenditure pending capitalisation	0	0	26.58	15.79	5.19	58.81	0.00	0.00	0.00	0.00
Advance for capital works	0	0	0	0	0	0	0	0	182.88	375.61
Net Fixed Assets	2366.97	2311.26	2258.36	2226.91	2246.51	3182.66	3321.34	1983.40	2217.20	2921.37
Investments	0.34	0	0	0	49.93	33.50	63.99	68.5	103.16	147.53
Loans and advances	493.41	426.56	202.06	280.58	407.75	875.55	1169.36	1309.79	1063.71	550.99
Current Assets	1970.99	1690.25	1860.35	1892.46	2227.15	2652.37	3314.94	2695.61	1891.12	2264.29
Current Liabilities	(1175.48)	(899.03)	(1005.08)	(1213.31)	(1399.26)	(1483.14)	(2912.17)	(1122.40)	(1334.82)	(1306.61)
Net Current Assets	795.51	791.22	855.27	679.15	827.89	1169.23	402.77	1573.21	556.30	957.68
Provision for gratuity & leave encashment	0.00	0.00	0.00	(23.03)	(16.84)	(36.39)	(67.33)	(79.99)	(92.00)	(125.80)
Other Provisions	0.00	0.00	0.00	0.00	0.00	(146.72)	(40.88)	(200.86)	(73.68)	(94.17)
Proposed dividend, dividend tax	(43.15)	0.00	0.00	(107.82)	(138.66)	(138.81)	(142.50)	(142.55)	(142.55)	(189.46)
Deferred tax liability	0.00	(184.64)	(199.53)	(322.87)	(412.06)	(354.75)	(410.92)	(278.62)	(292.66)	(415.90)
Miscellaneous expenditure not written off	12.59	60.59	45.67	33.95	22.23	10.51	0.00	0.00	0.00	0.00
Net assets employed	3625.67	3404.99	3161.83	2766.87	2986.75	4594.78	4295.83	4232.91	3339.48	3752.24
FINANCED BY										
Share capital	783.17	783.91	783.91	796.42	810.71	811.61	811.99	812.15	812.27	812.39
Capital reserve	30.70	30.70	30.70	30.70	30.70	30.70	30.70	30.70	30.70	30.70
Revenue reserve	663.49	549.86	542.60	588.11	697.65	864.87	983.86	1423.16	1565.62	1969.44
Shareholders funds	1497.36	1364.47	1357.21	1415.23	1539.06	1707.18	1826.55	2266.01	2408.59	2812.53
Secured loans	1889.19	1745.74	1479.74	1028.53	1041.51	2405.73	1999.55	1616.43	627.42	603.29
Unsecured loans	239.12	294.78	324.88	323.11	406.18	481.87	469.73	350.47	303.47	336.42
Total Funds employed	3625.67	3404.99	3161.83	2766.87	2986.75	4594.78	4295.83	4232.91	3339.48	3752.24
SALES AND PROFIT										
Sales and other income	5213.03	4535.65	5458.80	5222.90	6102.18	7138.17	6956.46	6009.62	7077.37	9062.44
Profit before depreciation & interest	707.67	532.14	657.02	706.88	696.72	851.01	982.12	856.61	1548.96	2340.36
Depreciation	(150.17)	(150.69)	(154.08)	(147.27)	(146.67)	(157.48)	(191.86)	(112.93)	(120.75)	(147.65)
Interest	(353.55)	(300.98)	(254.55)	(209.75)	(180.34)	(235.69)	(340.65)	(276.21)	(279.04)	(153.24)
Profit before exceptional item and taxation	203.95	80.47	248.39	349.86	369.71	457.84	449.61	467.47	1149.17	2039.47
Exceptional item	0.00	0.00	(228.31)	0.00	0.00	0.00	0.00	397.12	(537.01)	(740.97)
Taxation	(16.50)	(47.96)	(17.79)	(146.07)	(120.47)	(150.75)	(187.08)	(281.71)	(326.10)	(704.18)
Profit after taxation	187.45	32.51	2.29	203.79	249.24	307.09	262.53	582.88	286.06	594.32
Earning per share (Rs)	2.39	0.41	0.03	2.59	3.10	3.78	3.23	7.17	3.52	7.32
Equity Dividend										
- Rupees per share	0.50	0.00	0.00	1.20	1.50	1.50	1.50	1.50	1.50	2.00
- Total payout	39.16	0.00	0.00	95.57	121.61	121.74	121.80	121.82	121.84	162.48
Number of equity shareholders			7576	6855	6576	8836	9985	8855	8660	6911

**PRINTED MATTER
BOOK - POST**

If undelivered, please return to :

PREMIER EXPLOSIVES LIMITED

202 & 203, Minerva Complex,
S.D. Road, Secunderabad - 500 003
Andhra Pradesh, India.