

31ST ANNUAL REPORT 2010-11



**Premier
Explosives
Limited**





‘Premier House’
The New Registered Office

Corporate Information

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

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

Plants

Detonators, Detonating fuse & Special products divisions

Peddakandukur (Andhra Pradesh)

Bulk explosives divisions

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

Windmill

Pushpathur (Tamilnadu)

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NOTICE OF 31ST ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty First 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 Monday, the 18th July, 2011 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, 2011, 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 2010-11
3. To appoint a director in place of Dr. A. Venkataraman, who retires by rotation and being eligible offers himself for reappointment

4. To appoint a director in place of Mr. K.Rama Rao, who retires by rotation and being eligible offers himself for reappointment
5. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s P.V.R.K. Nageswara Rao & Co., Chartered Accountants (Firm Registration No. 002283S) be and are hereby re-appointed as Auditors of the company till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of directors of the company."

By Order of the Board
For Premier Explosives Limited

Secunderabad
19.05.2011

Avinash Kumar Singh
Company Secretary

Notes

1. Dr. A. Venkataraman and Mr. K. Rama Rao retire by rotation at this meeting and seek reappointment. Their brief resumes are given in the Report on Corporate Governance.
2. Members are required to bring the admission slip as given in Annexure-8 duly filled in.
3. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and such proxy need not be a member of the company. Proxy form as given in Annexure-9 and power of attorneys, in order to be effective, must be received at the registered office of the company not later than 11.00 A.M. on 16.07.2011.
4. Members are requested to utilise the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise their depository participants in case the shares are held in electronic form and to the Registrar and share transfer agent in case the shares are held in physical form. ECS mandate form is given in Annexure-10.
5. The register of members and the share transfer books of the company will remain closed from 08.07.2011 to 18.07.2011 (both days inclusive).
6. The dividend, if declared, will be paid to the members whose names appear in the register of members of the company as on 18.07.2011.
7. The shares of the company are presently listed in the Bombay Stock Exchange and the company has paid up-to-date listing fee to the said stock exchange.
8. Members are advised to avail nomination facility as per the amended provisions of the Companies Act, 1956, for which the nomination forms are available with the registrars to the company.
9. As per the provisions of section 205A of the Companies Act, 1956 and introduction of section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.

The shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2004 or any subsequent dividend payment(s) are requested to make their claim to the Company Secretary, Premier Explosives Limited, 'Premier House', 11, Ishaq Colony, (Near AOC Centre), Secunderabad - 500015.
10. 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.

Green Initiative in Corporate Governance

Dear Member,

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

Your company welcomes this move and strongly recommends to all the shareholders to opt for this type of communication. This will also ensure prompt receipt and avoid loss of paper-documents in transit. Your company has decided to send the annual reports and all other documents to the shareholders electronically.

We, therefore, request you to fill up the ‘E-Communication Registration Form’ given below and send it back to the company. You can also download the registration form from the company’s website www.pelgel.com.

Let us whole heartedly participate in this Green Initiative!

Avinash Kumar Singh
Company Secretary

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



Premier Explosives Limited

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

E-Communication Registration Form

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

Folio No. / DP ID & Client ID :
Name of 1st Registered Holder :
Name of Joint Holder(s) :
E-mail ID (to be registered) :
Registered Address :
.....
.....

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

Date :

Signature :
(First Holder)

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

DIRECTORS' REPORT

Dear Members

Your directors are pleased to present the 31st annual report together with the audited accounts of the company for the year ended 31st March, 2011.

A summary of the results is given below:

1. Financial performance

	(Rs. lacs)	
	2010-11	2009-10
Gross revenue	10391.68	9668.94
Excise duty	(748.99)	(606.50)
Net revenue	9642.69	9062.44
Gross profit	1821.80	2340.36
Financial costs	(140.21)	(153.24)
Depreciation	(176.61)	(147.65)
Profit before exceptional items and tax	1504.98	2039.47
Exceptional items:		
Write-offs / provisions relating to joint ventures	–	(740.97)
Profit after exceptional items & before tax	1504.98	1298.50
Provision for tax (including deferred tax)	(503.46)	(704.18)
Profit after tax	1001.52	594.32
Profit brought forward	1452.07	1147.21
Profit available for appropriation	2453.59	1741.53
Appropriations		
– Dividend	(162.51)	(162.48)
– Dividend tax	(26.36)	(26.98)
– General Reserve	(250.00)	(100.00)
Balance carried forward	2014.72	1452.07
Earning per share (Rs.)	12.33	7.32

Your company has recorded a growth of 7% in gross revenue at Rs.10392 lacs for the year ended 31st March, 2011 compared to Rs. 9669 lacs in the previous year. Increase in sales from defence products and from Neyveli and Jagdalpur divisions exceeded the shortfall in detonators division and overall there had been a net increase in sales. Exports also increased from Rs.419 lacs to Rs.542 lacs.

However, gross profit decreased from Rs. 2340 lacs to Rs.1822 lacs due to lower production of detonators on account of longer than normal monsoon and due to higher employee cost.

After making provisions relating to joint ventures (current year: nil, previous year: Rs.741 lacs), net profit for the year stood at Rs.1001 lacs, as against Rs.594 lacs for the previous year.

EPS for the current year is Rs.12.33 compared to Rs.7.32 for the previous year.

2. Operations

- Bulk explosives - production at 16,544 tons was slightly lower than previous year's 16,959 tons. Higher production at Neyveli compensated the decrease in other units.
- Detonators - prolonged monsoon had brought down the production volume to 48 million pieces from 68 million in previous year.
- Operations & Management contracts at Sriharikota and Jagdalpur generated steady income streams.
- Windmill at Pushpathur produced 14.70 lac units of power.

3. Future outlook

Having the economic crisis behind, the country's economy is on growth path again. This assures the company a promising performance in the coming years.

Private sector participation is being encouraged in defence supplies and the company plans to enhance its presence in this arena.

4. Dividend

Your directors are glad to recommend a dividend of Rs.2.00 per share for the year ended 31st March, 2011 on the amount of paid up share capital.

5. Reserves

The total reserves as on 31st March, 2011, subject to declaration of dividend for the year, stood at about Rs.2779 lacs, representing an increase of 39% from last year's Rs.2,000 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.

With full repayment of term loan from Export Import Bank of India during the year, there were no term loans outstanding at the end of the year.

8. Credit rating

During the year ICRA has upgraded the long-term credit rating from 'LBBB' to 'LBBB+(Stable)' and short-term rating from 'A3+' to 'A2'.

This rating is expected to improve further with a more strengthened balance sheet now.

9. Change of registered office

During the year your company has constructed a new office building and shifted the registered office to the new premises on 12th February, 2011.

10. Green initiatives

- As mentioned in the previous report, your company has commissioned a 0.80 MW windmill in September 2010. In February 2011, a 20 KW rooftop solar PV plant was installed at the new office building. With these green initiatives, the quantum of power added to the grid (around 15 lac units) is more than that drawn by the company from the grid (around 12 lac units). Thus the company's manufacturing and operations, in net effect, are carbon-positive.
- As part of "Green Initiative for Corporate Governance", recently, the government has allowed companies to send notices and documents to their shareholders electronically to facilitate paperless communication.

This will ensure prompt communication and avoid loss of documents in transit.

Hence, shareholders are requested to register their email id's with their depository participants or with the company.

11. Statutory auditors

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

12. Auditors' report

Auditors have made an observation in their report pertaining to note no. 20 of Notes to Accounts (Schedule 27). This note is self explanatory.

13. Directors

Dr. A. Venkataraman and Mr. K. Ramarao will retire by rotation at the ensuing annual general meeting and being eligible offer themselves for reappointment.

14. 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, 2011 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.

15. Management discussion and analysis

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

16. Corporate governance

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

17. 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.

18. 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.

19. Industrial relations

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

20. 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

Secunderabad
19.05.2011

A.N. Gupta
Chairman & Managing Director

Annexure-1 to the Directors' Report

Management Discussion & Analysis

1. Industry structure and developments

After an expected capacity addition of 50,000MW power generation during 11th plan (2007-12), the planning commission is now reported to be considering a target of adding 1,30,000 MW in 12th plan (2012-17). Substantial part of the additional power generation capacity would be coal-based. Thus increased coal mining would push the demand for explosives.

Government's recent actions like clearances to large steel projects would also lead to increased mining of minerals which would have a cascading effect on demand for explosives.

In a growing country like India infrastructure development would rank the highest priority and this augurs well for mining and construction industries and consequentially for explosives segment.

2. Opportunities

Commercial explosives

Having major mining companies as its customers already, the company would continue to strive for enhancing its sales turnover.

Defence / space

Few years back the company has initiated production of propellants and other products for supply to defence establishments and has proved itself as a reliable supplier meeting the stringent quality parameters.

The following broad contours in defence business will help the company to increase its defence supplies segment in the sales pie:

- Union budget 2011-12 provided an 11% hike in defence allocation.
- Under the new Defence Production Policy 2011, preference will be given to indigenous design, development and manufacture of defence equipment.

3. Threats, risks and concerns

Apart from competition, the risks in the business include any slowdown in general economy which could lead to decrease in mining and construction activity which in turn would affect the explosives industry.

4. Segment-wise or product-wise performance

The company's business predominantly comprises of explosives segment. The other segment is wind power. Segment-wise revenue and other details are provided in note 14 of schedule 27 to the attached balance sheet.

5. Outlook

With expected increase in the mining activities and in production of defence supplies, your company anticipates a higher revenue and profit during the year 2011-12, barring any unforeseen adverse conditions.

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. 10392 lacs is 7% higher than the previous year's Rs. 9669 lacs.

Employee cost has gone up by 26%. Significant part of this increase is attributable to service operations and that increase has been compensated by corresponding increase in income. Another reason for the increase is wage revision.

Overall the net result has remained satisfactory, contributed by improved performance in defence products and full year operations of Neyveli and Jagdalpur divisions.

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

The management acknowledges the contributions made by each of the 1149 employees on its payroll as on 31st March 2011 and records its appreciation for the cooperation extended by the employees at all levels.

For and on behalf of the Board

Secunderabad
19.05.2011

A.N. Gupta
Chairman & Managing Director

Cautionary note

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

Annexure-2 to the Directors' Report**Report on Corporate Governance****1. Company's philosophy on code of corporate governance**

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

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

2. Board of directors

2.1. There are 6 non-executive directors out of 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

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

S.No.	Name of the director	Number of Board meetings held during the tenure	Number of Board meetings attended	Attendance in the last AGM held on 31.07.2010
1	Mr. A. N. Gupta	4	4	Present
2	Mr. T. V. Chowdary	4	4	Present
3	Mr. K. Chalil	4	3	Present
4	Dr. N. V. Srinivasa Rao	4	3	Present
5	Dr. (Mrs.) Kailash Gupta	4	4	Present
6	Dr. Haridwar Singh	4	2	Absent
7	Mr. Anilkumar Mehta	4	4	Present
8	Mr. P. R. Tripathi	4	3	Present
9	Dr. A. Venkataraman	4	4	Absent
10	Mr. K. Rama Rao	4	3	Present

- 2.3. None of the directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in clause 49, across all the companies in which he or she is a director. Necessary disclosures regarding committee positions in other public companies as at March 31, 2011 have been made by the directors. The number of directorships and committee chairmanships / memberships held by them in other companies is given below.

S. No.	Name of the Director	Board of directors		Board Committees	
		Director	Chairman	Member	Chairman
1	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	8	1	4	None
9	Dr. A. Venkataraman	-	-	None	None
10	Mr. K. Rama Rao	-	-	None	None

- 2.4. Four Board meetings were held during the year on 15.05.2010, 31.07.2010, 11.11.2010 and 12.02.2011. The gap between two consecutive meetings did not exceed four months.

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

- 2.6. Shareholding of independent directors as on 31st March, 2011

Except Mr. Anilkumar Mehta who holds 1,500 equity shares equal to 0.02%, no other independent director holds any shares in the company.

- 2.7. Reappointment of directors at the 31st AGM

Mr. K. Rama Rao and Dr. A. Venkataraman 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.

Dr. A. Venkataraman

Dr. A. Venkataraman is a doctorate in chemistry and is working as a Professor in Gulbarga University. His main fields of interests are materials chemistry, polymer, nano composites etc. He received Young Scientist Award in inorganic chemistry in 1993 from Indian Council of Chemists. He is a member of many professional and academic bodies.

Mr. K. Rama Rao

Mr. K. Rama Rao is a graduate in Aeronautical Engineering from M.I.T. Anna University, Chennai and post graduate from College of Aeronautics, Cranfield, U.K. He has served in DRDO for over 35 years in technology development and was responsible for the design and development of all IGDMP Projects as well as setting up of infrastructure in the field of missile structure. He retired as Associate Director of DRDL in 1995. He has received Sir Mokshagundam Visweswarayya Award for the Best Engineer from the Institute of Engineers, Kolkata in 1990. He also received Best Invention Award from NRDC, Government of India in 1991 and Best Scientist of the year from DRDO in 1993. He is a founder member of SAMPE India, Bangalore, Jt. Secretary, Materials Research Society of India till 1994 and Fellow of Institute of Engineers, Kolkata.

2.8. Code of Conduct:

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

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

3. Audit committee

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

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

The Company Secretary acted as secretary to the Audit Committee.

- 3.2. Mr. P. R. Tripathi, Chairman of the Audit Committee was present at the previous annual general meeting of the company held on 31st July 2010.
- 3.3. The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement as amended from time to time and / or any other powers, duties and obligations. The said Committee submits its report, recommendations etc., to the Board of directors on all the required matters.
- 3.4. The role of Audit Committee includes-
- 3.4.1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - 3.4.2. Recommending the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors and fixation of audit fees.
 - 3.4.3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - 3.4.4. Reviewing with the management, the annual financial statements, before submission to the Board for approval, with particular reference to
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Change, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualification in the draft audit report.
 - 3.4.5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - 3.4.6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of internal control systems.

- 3.4.7. Reviewing the adequacy of internal control function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 3.4.8. Discussion with internal auditors of any significant findings and follow up thereon.
- 3.4.9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 3.4.10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- 3.4.11. To look into reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders and creditors.
- 3.4.12. To review the functioning of the whistle blower mechanism.
- 3.4.13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 3.5. The Audit Committee reviews the following information
- 3.5.1. Management discussion and analysis of financial condition and results of operation;
- 3.5.2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- 3.5.3. Management letters/ letters of internal control weaknesses issued by statutory auditors;
- 3.5.4. Internal audit report relating to internal control weaknesses;
- 3.5.5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- 3.5.6. Details of investments of surplus funds;
- 3.5.7. Legal compliance report and
- 3.5.8. Any other information or report requested by the Audit Committee from time to time.
- 3.6. The Audit Committee met four times during the year on 15.05.2010, 31.07.2010, 11.11.2010 and 11.02.2011. 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 2010-11	
		Held	Attended
Mr. P. R. Tripathi	Non-executive, independent director	4	4
Mr. Anilkumar Mehta	"	4	4
Mr. K. Rama Rao	"	4	3

4. Remuneration committee

- 4.1. The Remuneration Committee has the following members:

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

Premier Explosives Limited

- 4.2. The responsibility of the committee is to review and fix the remuneration package of the Managing / Whole-time directors based on performance and other criteria; to consider and approve service contracts, notice period, severance fee and to consider and approve stock option schemes, if any.
- 4.3. The Remuneration Committee met once on 15.05.2010 during the year for reappointment and revision in remuneration of Mr. T. V. Chowdary, Executive Director and Mr. K. Chalil, Director (Marketing) with effect from 01.07.2010 and for deciding the annual increment in basic salary of Dr. N. V. Srinivasa Rao, Director (Production) with effect from 01.04.2010.

4.4. Details of remuneration to the directors

Executive directors				(Rupees)
Name of the director	Salary & Allowance	Benefits	Commission	Total
Mr. A. N. Gupta	46,80,000	22,82,359	12,12,600	81,74,959
Mr. T. V. Chowdary	16,73,787	8,75,114	4,04,200	29,53,101
Mr. K. Chalil	16,59,978	6,48,538	4,04,200	27,12,716
Dr. N. V. Srinivasa Rao	11,35,680	3,26,736	4,04,200	18,66,616

Non-executive directors				(Rupees)
Name of the director	Sitting fee		Total	
	As a director	As a committee member		
Dr. (Mrs.) Kailash Gupta	40,000	60,000	1,00,000	
Mr. Anilkumar Mehta	40,000	85,000	1,25,000	
Dr. Haridwar Singh	20,000	-	20,000	
Mr. P. R. Tripathi	30,000	25,000	55,000	
Mr. K. Rama Rao	30,000	20,000	50,000	
Dr. A. Venkataraman	40,000	-	40,000	

5. Shareholders / Investors Grievance Committee

- 5.1. 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.
- 5.2. The Board of directors entrusted, inter alia, the following powers and responsibilities to the committee:
- 5.2.1. To approve and register transfer, transmission, issue of duplicate shares, to approve the demat requests and remat requests;
- 5.2.2. To attend to shareholder's grievances and redress the complaints of shareholders and the complaints received from other authorities.
- 5.3. During the year under review, company received a total of 7 shareholders complaints. All were redressed to the satisfaction of the shareholders and no complaints were outstanding as on 31st March, 2011.

6. Subsidiaries

The company does not have any subsidiaries as on 31st March, 2011.

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
2007-08	AGM	Surana Udyog Auditorium,	29.09.2008	11.00 a.m.	3
2008-09	AGM	FAPCCI, 11-6-841, Red Hills,	30.09.2009	11.00 a.m.	2
2009-10	AGM	Hyderabad -500004	31.07.2010	11.00 a.m.	3

9. Postal ballot resolutions

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

10. Submission of quarterly compliance reports to stock exchange

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

11. 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

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

During the year ended 31.03.2011 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. 15 of Notes to Accounts.

13.2. Transactions with non-executive directors:

During the year, there were no transactions with non-executive directors.

13.3. 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. Your company has a website, www.pelgel.com, which is regularly updated.

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

15. General shareholder information**15.1. Annual General Meeting**

Ensuing General Meeting	:	31st Annual General Meeting
Day, date and time	:	Monday, 18th July 2011, 11.00 a.m.
Venue	:	Surana Udyog Auditorium, FAPCCI, 11-6-841, Red Hills, Hyderabad -500 029

15.2. Tentative Financial Calendar**15.2.1 Publishing the unaudited financial results**

1st quarter ending 30th June 2011	:	2nd week of August 2011
2nd quarter ending 30th September 2011	:	2nd week of November 2011
3rd quarter ending 31st December 2011	:	2nd week of February 2011

15.2.2 Publishing the audited financial results

for the year ending 31st March, 2012	:	4th week of May 2012
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15.2.3 Date of book closure

(Physical and electronic mode)

15.2.4 Expected date of payment of dividend**15.3. Listing on stock exchange**

Name of the stock exchange	:	Bombay Stock Exchange Limited
Stock code	:	526247
Listing fee paid for the year 2010-11	:	Yes

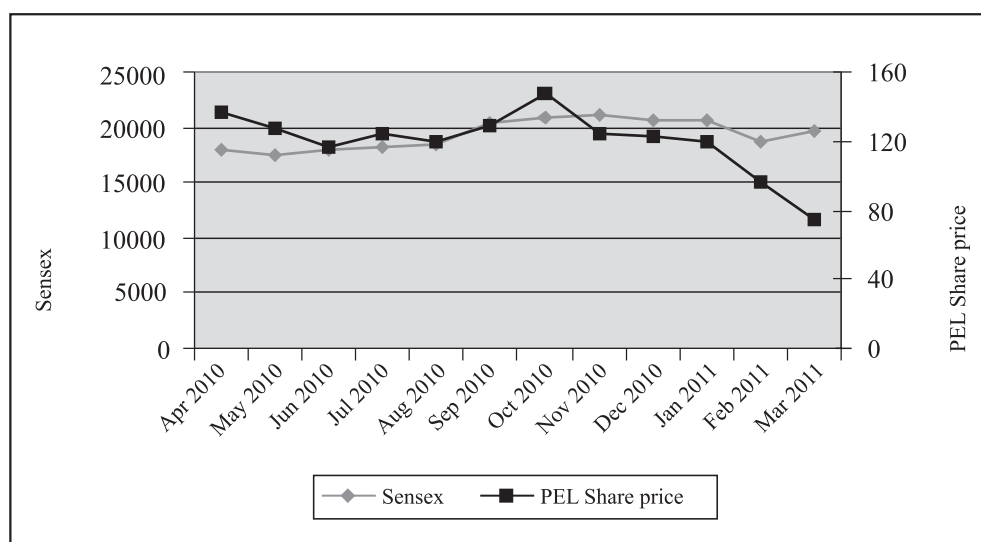
15.4. Registrar and Share Transfer Agents

(Physical and electronic registers)	:	Sathguru Management Consultants Pvt Ltd Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad - 500 034
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15.5. Market Price data - High/Low during each month of the year 2010 - 11

(Rupees)					
Month	High	Low	Month	High	Low
April 2010	137.00	112.55	October 2010	147.95	113.05
May 2010	127.00	96.00	November 2010	124.00	88.20
June 2010	116.10	101.70	December 2010	121.95	85.00
July 2010	124.95	105.55	January 2011	120.00	84.30
August 2010	120.00	97.20	February 2011	96.85	62.10
September 2010	128.90	97.50	March 2011	73.80	58.00

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



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

Premier Explosives Limited

15.8. Distribution of shareholding as on 31.03.2011

No. of Shares			Shareholders		Shareholding	
From		to	Number	% to total	Number	% to total
1	-	500	6,572	89.95	8,57,733	10.55
501	-	1,000	340	4.65	2,86,596	3.53
1,001	-	2,000	175	2.40	2,73,858	3.37
2,001	-	3,000	58	0.79	1,47,807	1.82
3,001	-	4,000	29	0.40	1,03,529	1.27
4,001	-	5,000	24	0.33	1,11,057	1.37
5,001	-	10,000	40	0.55	2,96,960	3.65
10,001	-	Above	68	0.93	60,50,035	74.44
Total			7,306	100.00	81,27,575	100.00

15.9. Categories of shareholders as on 31.03.2011

Category	No. of shares	% to total
Promoters	33,35,144	41.03
Mutual funds	1,200	0.02
Banks, financial institutions & others	1,18,306	1.46
Corporate bodies	5,92,873	7.29
Indian public	35,80,752	44.06
NRI's/ OCB's	4,99,300	6.14
Total	81,27,575	100.00

15.10. 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.

78,49,379 equity shares representing 96.58 % of the company's share capital have been dematerialized as on 31.03.2011.

15.11. Address for correspondence

Premier Explosives Limited
'Premier House',
11, Ishaq Colony,
(Near AOC Centre),
Secunderabad - 500 015. (A. P.)

15.12. Plant locations

Plant	Location
Detonators, Detonating 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)

The above report has been approved by the Board of directors in its meeting held on 19.05.2011.

For and on behalf of the Board

Secunderabad
19.05.2011

A.N. Gupta
Chairman & Managing Director

Annexure-3 to the Directors' Report

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

To the Members of
Premier Explosives Limited

We have examined the compliance of conditions of corporate governance by Premier Explosives Limited, for the year ended on 31st March, 2011, 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, 2011 no investor grievances are pending against the company for a period exceeding one month as per the records maintained by the company which are presented to the Shareholders/ Investors Grievance Committee.

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

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants
Firm's Registration No. 002283S

Hyderabad
19.05.2011

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, 2011 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, 2011 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.

Secunderabad
19.05.2011
A. N. Gupta
Chairman &
Managing Director

C. Subba Rao
Vice President
(Finance)

Annexure-5 to the Directors' Report

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

A. Conservation of energy (Form 'A')		:	This is not applicable to the company	
B. Technology absorption (Form 'B')				
a) Research and Development (R & D)				
1. Specific areas in which R & D carried out by the company	:		Development of specialized high energy chemicals	
2. Benefits derived as a result of above R & D	:		Commercialising the in-house developed products	
3. Future plan of action	:		To continuously improve existing products and develop cost effective processes	
4. Expenditure on R & D (Rs. lacs)			2010-11	2009-10
i Capital	:		30.20	40.67
ii Recurring	:		69.46	49.14
Total	:		99.66	89.81
R & D expenditure as % of turnover	:		1.06%	1.00%
b) Technology Absorption, Adaptation and Innovation				
1. Efforts	:		New products were developed	
2. Benefits	:		Successfully started commercial production of new products	
3. Particulars of imported technology in the last five years	:		No technology imported	
C. Foreign exchange earnings and outgo (Rs. lacs)				
			2010-11	2009-10
a) Earnings (FOB value of exports)	:		542.44	418.94
b) Outgo	:		132.43	86.72

For and on behalf of the Board

Secunderabad
19.05.2011**A. N. Gupta**
Chairman & Managing Director

Premier Explosives Limited

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, 2011

Name	Designation/ nature of duties	Gross remuneration	Qualifications	Age (years)	Total experience (years)	Date of commence- ment of employment	Last employment & designation
Mr. A. N. Gupta	Chairman & Managing Director	Rs.81,74,959	M.Sc. (Mining Engineering)	66	44	14.02.1980	I.E.L. Limited, Area Sales Manager

Note

1. Above employee has 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.5,00,000 or more.
2. The employment is contractual.
3. Mr. A. N. Gupta is husband of another director, Dr. (Mrs.) Kailash Gupta.
4. Gross remuneration includes salary, commission, leave travel allowance, contribution to provident fund and medical expenses.

For and on behalf of the Board

Secunderabad
19.05.2011

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, 2011, 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 20 of Notes to Accounts vide Schedule 27 regarding nondisclosure of company's share of Assets, Liabilities, Income and Expenses in the Joint ventures in view of non-availability of audited /unaudited accounts of Joint ventures.

- v) On the basis of the written representations received from the directors, as on 31.03.2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 st March, 2011 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, 2011;
 - 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

Hyderabad
19.05.2011

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

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 2011

- 1 (a) The company has maintained proper records showing full particulars including quantitative details except situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification. As regards capital works in-progress, the same will be verified by the management on completion of assets.
- (c) The company has not disposed off substantial part of fixed assets during the year, which affect the going concern assumption.
- 2 (a) As explained to us, the stock of stores, spare parts, raw materials and finished goods of the company have been physically verified at frequent intervals during the year by the management except stocks lying with outside warehouses which have been verified with reference to certificates and other relevant documents where available.
- (b) The procedures of physical verification of Inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.
- 3 (a) The company had granted unsecured loans to associate company and rent deposit to a company, listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31st March, 2011 and the maximum amount involved during the year were Rs. 2,68,26,766/- and Rs.2,79,44,605/- respectively.
- (b) In our opinion the terms and conditions of unsecured loans and advances given to the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.
- (c) The company is regular in receipt of principal amounts as stipulated and re-stipulated and has been regular in receipt of interest.
- (d) The company has taken unsecured loans from eight parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31st March, 2011 and the maximum amount involved during the year were Rs. 1,37,42,000/- and Rs. 2,25,30,000/- 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 31.03.2011 which are outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the company and as per the information and explanations given to us, there are no dues of Customs Duty, Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of dispute as on 31.03.2011, except Central Sales Tax, the details of which are as given below:
- | | | |
|--------------------------------|---|---|
| Name of the Statute | : | Central Sales Tax |
| Nature of the dues | : | Tax payable on completion of assessment |
| Year to which it relates | : | 2007-08 |
| Amount | : | Rs.1,51,30,507/- |
| Forum where dispute is pending | : | Honourable High Court of Andhra Pradesh |
- 10 As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.
- 11 During the year the company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.
- 12 As per the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to anybody during the year.
- 13 In our opinion, as the company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for this year.
- 14 According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- 15 In our opinion, the terms and conditions on which the company has given guarantees for the loans taken by others from banks or financial institutions are not prejudicial to the interests of the company.
- 16 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: 002283S

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

Hyderabad
19.05.2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rupees)

	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
I. SOURCES OF FUNDS			
Share holders' funds			
Share capital	1	8,12,54,499	8,12,39,018
Reserves and surplus	2	27,78,76,647	20,00,13,487
		35,91,31,146	28,12,52,505
Loan funds			
Secured loans	3	1,10,37,617	6,03,29,243
Unsecured loans	4	3,67,22,987	3,36,41,987
		4,77,60,604	9,39,71,230
Deferred tax liability (net)	5	4,74,18,270	4,15,90,393
		45,43,10,020	41,68,14,128
II. APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		41,24,73,703	36,35,49,901
Less: Depreciation/Amortisation		11,71,71,634	10,89,74,272
Net block		29,53,02,069	25,45,75,629
Capital work in progress		26,24,623	-
Advance for capital works		1,78,31,523	3,75,60,902
Unallocated expenditure pending capitalisation	7	17,48,352	-
		31,75,06,567	29,21,36,531
Investments	8	45,00,000	1,47,52,993
Net current assets			
Current assets, loans and advances			
Inventories	9	9,44,78,983	10,67,56,987
Sundry debtors	10	15,58,69,079	9,89,74,304
Cash and bank balances	11	3,11,99,620	2,00,43,293
Other current assets	12	30,00,987	6,54,667
Loans and advances	13	5,91,67,083	5,50,98,896
		34,37,15,752	28,15,28,147
Less: Current liabilities and provisions			
Current liabilities	14	16,52,43,370	13,06,60,820
Provisions	15	4,61,68,929	4,09,42,723
		21,14,12,299	17,16,03,543
Net current assets		13,23,03,453	10,99,24,604
		45,43,10,020	41,68,14,128
Notes to accounts	27		
Significant accounting policies	28		

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

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

Secunderabad
19.05.2011

A. N. Gupta
Chairman and Managing Director

C. Subba Rao
Vice President (Finance)

K. Chalil
Director (Marketing)

Avinash Kumar Singh
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	For the year ended 31st March, 2011	(Amount in Rupees) For the year ended 31st March, 2010
I. INCOME			
Gross sales and services	16	101,87,34,964	94,95,35,483
Less: Excise duty		7,48,99,204	6,06,50,830
Net sales		94,38,35,760	88,88,84,653
Other income	17	2,04,32,933	1,73,59,534
Total Income		96,42,68,693	90,62,44,187
II. EXPENSES			
Cost of materials consumed	18	42,96,88,794	41,23,30,138
Purchase of stock in trade		22,71,226	67,87,582
Manufacturing expenses	19	3,21,92,134	2,87,81,746
Employee benefit expense	20	18,89,37,394	14,97,56,633
Research and development expenses	21	69,45,937	49,13,828
Other expenses	22	8,88,25,520	7,42,36,381
Selling expenses	23	1,92,70,452	1,52,04,294
Financial costs	24	1,40,20,616	1,53,24,046
(Increase) / decrease in stocks	25	1,39,57,157	(1,98,03,019)
Depreciation (net) and amortisation expense		1,76,60,830	1,48,70,182
Less: Transferred from revaluation reserve		-	1,04,743
		1,76,60,830	1,47,65,439
Total expenses		81,37,70,060	70,22,97,068
III. NET PROFIT			
Profit before tax and exceptional items		15,04,98,633	20,39,47,119
Less: Exceptional items			
Write offs / provisions relating to joint ventures (Refer note no.7 of schedule 27)	26	-	7,40,97,008
Net profit after exceptional items and before tax		15,04,98,633	12,98,50,111
Less: Income tax expense			
Current tax		4,40,00,000	5,80,00,000
Deferred tax		58,27,877	1,23,24,731
Income tax adjustments		5,18,339	92,933
		5,03,46,216	7,04,17,664
Net profit after tax		10,01,52,417	5,94,32,447
Add: Profit brought forward from last year		14,52,07,415	11,47,21,329
Amount available for appropriation		24,53,59,832	17,41,53,776
Transfer to			
Proposed dividend		1,62,50,900	1,62,47,804
Provision for corporate dividend tax		26,36,302	26,98,557
General reserve		2,50,00,000	1,00,00,000
		4,38,87,202	2,89,46,361
Balance of profit carried forward		20,14,72,630	14,52,07,415
Earning per share (Basic / diluted)		12.33	7.32
(Nominal value:Rs.10/- per share)			
Notes to accounts	27		
Significant accounting policies	28		

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

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

Secunderabad
19.05.2011

A. N. Gupta
Chairman and Managing Director

C. Subba Rao
Vice President (Finance)

K. Chalil
Director (Marketing)

Avinash Kumar Singh
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rupees)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Net profit after exceptional item and before tax	15,04,98,633	12,98,50,111
Adjustments for		
Depreciation	1,76,60,830	1,47,65,439
Loss on sale of assets (net)	45,188	1,41,746
Loss on sale of investment (net)	49,80,182	(6,738)
Book deficit on assets discarded	54,972	-
Provision for doubtful advances	-	7,00,33,973
Interest expense	76,82,911	85,16,119
Provision for diminution in book value of investments	-	40,63,035
Provision for diminution in book value of investments no longer required (net)	(47,40,007)	-
Interest income	(60,04,046)	(29,66,898)
Dividend received	-	(74,754)
Wealth tax	8,298	15,398
Operating profit before working capital changes	17,01,86,961	22,43,37,431
Adjustments for		
(Increase) / decrease in sundry debtors	(5,68,94,775)	(57,12,951)
(Increase) / decrease in inventories	1,22,78,004	(3,33,80,901)
(Increase) / decrease in loans and advances	(40,68,188)	(1,87,61,756)
Increase in current liabilities	3,61,96,034	6,52,113
(Increase) / decrease in fixed deposits pledged with banks etc. and dividend accounts with banks	(81,09,721)	(56,68,714)
Cash generated from operations	14,95,88,315	16,14,65,222
Interest paid	(78,05,480)	(88,73,116)
Income tax paid	(4,09,59,523)	(5,59,99,626)
Dividend paid (including corporate dividend tax)	(1,87,19,024)	(1,40,51,377)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	8,21,04,288	8,25,41,103
Cash flow from investing activities		
Purchase of fixed assets	(6,64,41,460)	(6,67,09,752)
Sale of assets	1,79,000	5,54,000
Advance against capital items	1,97,29,379	(1,92,72,869)
Interest earned	36,57,726	29,41,385
Dividend received	-	74,754
Purchase of investments	-	(3,75,74,754)
Sale of investments	1,00,12,818	2,90,81,492
CASH USED IN INVESTING ACTIVITIES (B)	(3,28,62,537)	(9,09,05,744)

		(Amount in Rupees)
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Cash flow from financing activities		
Repayment of long term borrowings	(80,12,367)	(4,10,84,512)
Proceeds from fixed deposits and dealership deposits	2,27,04,000	1,14,41,999
Repayment of fixed deposits and dealership deposits	(1,96,23,000)	(81,47,000)
Increase/(decrease) in working capital loans	(4,12,79,259)	3,86,71,810
Receipt against share allotment money due	15,481	11,755
CASH GENERATED FROM FINANCING ACTIVITIES	(C)	
	(4,61,95,145)	8,94,052
Net increase in cash and cash equivalents	(A+B+C)	(74,70,589)
Cash and cash equivalents at the beginning of the year	39,37,482	1,14,08,071
Cash and cash equivalents at the end of the year	69,84,088	39,37,482
<i>Note</i>		
Cash and bank balances at the end of the year as per balance sheet	3,11,99,620	2,00,43,293
Less: Deposits pledged with banks towards margin money and dividend accounts with banks dealt in operating activity	2,42,15,532	1,61,05,811
Cash and cash equivalents at the end of the year as per cash flow statement	69,84,088	39,37,482

Notes

- 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.
- Notes to Accounts (Schedule 27) and Significant Accounting Policies (Schedule 28) form an integral part of cash flow statement.
- Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

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

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants
Firm's Registration No. 002283S

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

Secunderabad
19.05.2011

A. N. Gupta
Chairman and Managing Director

C. Subba Rao
Vice President (Finance)

K. Chalil
Director (Marketing)

Avinash Kumar Singh
Company Secretary

Schedules Forming Part of the Accounts

(Amount in Rupees)

	As at 31st March, 2011	As at 31st March, 2010
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>21,251</u>	<u>36,732</u>
	<u>8,12,54,499</u>	<u>8,12,39,018</u>
	<u>8,12,54,499</u>	<u>8,12,39,018</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>3,10,00,000</u>	<u>2,10,00,000</u>
Add: Transferred from profit and loss account	<u>2,50,00,000</u>	<u>1,00,00,000</u>
	<u>5,60,00,000</u>	<u>3,10,00,000</u>
Revaluation Reserve		
As per last account	<u>34,02,055</u>	<u>35,06,798</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>-</u>	<u>1,04,743</u>
	<u>34,02,055</u>	<u>34,02,055</u>
Less: Amount reversed	<u>34,02,055</u>	<u>-</u>
	<u>-</u>	<u>34,02,055</u>
Profit and Loss Account (Surplus)	<u>20,14,72,630</u>	<u>14,52,07,415</u>
	<u>27,78,76,647</u>	<u>20,00,13,487</u>

	(Amount in Rupees)	
	As at 31st March, 2011	As at 31st March, 2010
3. SECURED LOANS		
A. Term Loans		
From Export Import Bank of India	-	80,12,367
(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 <i>pari passu</i> 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	1,10,37,617	5,23,16,876
(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)		
	<u>1,10,37,617</u>	<u>6,03,29,243</u>
4. UNSECURED LOANS		
Fixed deposits	1,90,02,000	1,83,71,000
From directors	1,03,89,000	80,39,000
Deposits from dealers and others	73,31,987	72,31,987
	<u>3,67,22,987</u>	<u>3,36,41,987</u>
5. DEFERRED TAX LIABILITY (NET)		
Opening balance	4,15,90,393	2,92,65,662
Adjustment for the current year (Refer note no.19 of schedule 27)	58,27,877	1,23,24,731
	<u>4,74,18,270</u>	<u>4,15,90,393</u>

6. FIXED ASSETS (Amount in Rupees)

Description of Assets	Gross Block				Depreciation /Amortisation				Net Block			
	Cost/ professional valuation as at 01.04.2010	Additions during the year	Deductions during the year	Deductions due to reversal of revaluation	Total cost as at 31.03.2011	Up to 31.03.2010	For the year	On deductions	On deductions due to reversal of revaluation	Total up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible assets												
Land	1,54,86,013	1,73,13,723	-	9,40,060	3,18,59,676	-	-	-	-	-	3,18,59,676	1,54,86,013
Leasehold land	2,19,386	-	-	-	2,19,386	23,822	2,216	-	-	26,038	1,93,348	1,95,564
Roads and buildings	7,40,17,884	2,75,30,012	-	46,10,636	9,69,37,260	1,77,29,245	19,86,366	-	21,48,641	1,75,66,970	7,93,70,290	5,62,88,639
Plant and machinery	24,15,98,466	65,13,560	51,928	70,46,306	24,10,13,792	7,73,87,501	1,30,89,469	6,686	70,46,306	8,34,23,978	15,75,89,814	16,42,10,965
Research and development equipment	1,04,79,948	30,19,909	-	-	1,34,99,857	16,20,474	5,04,385	-	-	21,24,859	1,13,74,998	88,59,474
Data processing equipment	53,99,092	4,32,830	92,800	-	57,39,122	38,82,720	5,77,089	87,108	-	43,72,701	13,66,421	15,16,372
Office equipment	37,75,835	21,40,190	65,980	-	58,50,045	19,66,563	2,25,933	26,502	-	21,65,994	36,84,051	18,09,272
Furniture & fittings	26,23,638	43,12,671	-	-	69,36,309	18,89,608	1,40,028	-	-	20,29,636	49,06,673	7,34,030
Vehicles	82,20,298	4,390	3,36,973	-	78,87,715	32,60,750	7,73,341	1,48,225	-	38,85,866	40,01,849	49,59,548
Intangible assets												
ERP licence fee	8,32,000	-	-	-	8,32,000	8,32,000	-	-	-	8,32,000	-	-
Software	8,97,341	8,01,200	-	-	16,98,541	3,81,589	3,62,003	-	-	7,43,592	9,54,949	5,15,752
Total	36,35,49,901	6,20,68,485	5,47,681	1,25,97,002	41,24,73,703	10,89,74,272	1,76,60,830	2,68,521	91,94,947	11,71,71,634	29,53,02,069	25,45,75,629
Previous year 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

(Amount in Rupees)

	As at 31st March, 2011	As at 31st March, 2010
7. UNALLOCATED EXPENDITURE PENDING		
CAPITALISATION		
Salaries	4,68,600	-
Workmen and staff welfare expenses	25,705	-
Travelling expenses	53,033	-
Printing and stationery	4,242	-
Professional charges	4,750	-
Licences and taxes	3,13,569	-
Vehicle maintenance	79,810	-
General expenses	1,43,463	-
Financial costs	6,55,180	-
	<u>17,48,352</u>	<u>-</u>
8. 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
6,31,058.1583 Units of Rs.10/- each		
(Net asset value: Rs.1,00,00,000/-)		
Long term investments		
a) 4,99,300 Equity shares of Rs.10/- each		
fully paid up in Premier Explochem Limited	-	49,93,000
Less: Provision for diminution in book value	-	49,88,007
	-	4,993
b) 24,800 Equity shares of Rs.10/- each fully		
paid up in VTL Premier Pyrotechnics Limited	2,48,000	2,48,000
Less: Provision for diminution in book value	2,48,000	-
	-	2,48,000
c) 4,50,000 Equity shares of Rs.10/- each fully		
paid up in Premier Wire Products Limited	45,00,000	45,00,000
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>45,00,000</u>	<u>1,47,52,993</u>
9. INVENTORIES		
(As certified by the management)		
Raw materials	3,86,06,446	3,88,64,035
Work-in-process	3,26,26,813	2,43,35,450
Finished goods	81,06,984	3,22,08,391
Stock of stores	1,40,49,513	1,07,23,032
Scrap	10,89,227	6,26,079
	<u>9,44,78,983</u>	<u>10,67,56,987</u>

			(Amount in Rupees)
	As at	As at	
	31st March, 2011	31st March, 2010	
10. SUNDRY DEBTORS			
(Unsecured, considered good)			
Outstanding for more than six months	1,08,58,556	25,59,449	
Others	14,50,10,523	9,64,14,855	
	<u>15,58,69,079</u>	<u>9,89,74,304</u>	
11. CASH AND BANK BALANCES			
Cash on hand	2,37,812	9,24,239	
Cash at scheduled banks			
In current accounts	16,01,305	18,13,243	
In cash credit account	30,44,971	-	
In dividend accounts	14,43,042	12,15,705	
In fixed deposits	2,47,72,490	1,60,90,106	
[Of the above, Rs.2,17,54,157/- (previous year Rs.1,39,17,855/-) was pledged towards margin on bank guarantees, Rs.48,801/- (previous year Rs.48,801/-) to sales tax authorities, Rs.9,69,532/- (previous year Rs.9,23,450/-) to Naval Armament Depot.]			
Fixed Deposit with Andhra Pradesh State Financial Corporation	1,00,000	-	
	<u>3,11,99,620</u>	<u>2,00,43,293</u>	
12. OTHER CURRENT ASSETS			
Interest accrued on fixed deposits and investments	30,00,987	6,54,667	
	<u>30,00,987</u>	<u>6,54,667</u>	
13. LOANS AND ADVANCES			
(Unsecured, recoverable in cash or in kind or for value to be received)			
Considered good			
Deposit with central excise authority (net)	40,55,482	30,79,332	
Other advances and deposits	5,19,85,337	4,92,88,818	
Prepaid expenses	31,26,264	26,53,212	
Claims receivable	-	77,534	
Considered doubtful			
Other advances and deposits	-	8,61,04,680	
Less: Provision for doubtful advances	-	8,61,04,680	
	<u>5,91,67,083</u>	<u>5,50,98,896</u>	

(Amount in Rupees)		
	As at 31st March, 2011	As at 31st March, 2010
14. CURRENT LIABILITIES		
Dues of micro and small enterprises (Refer note no.6 of schedule 27)	4,21,270	10,23,470
Dues of creditors other than micro and small enterprises	13,39,91,663	9,95,37,052
Advances from customers	2,93,87,395	2,87,62,024
Interest accrued but not due	-	1,22,569
Unclaimed dividend (There is no amount due and outstanding to be credited to investor education and protection fund)	14,43,042	12,15,705
	<u>16,52,43,370</u>	<u>13,06,60,820</u>
15. PROVISIONS		
Proposed dividend	1,62,50,900	1,62,47,804
Provision for corporate dividend tax	26,36,302	26,98,557
Provision for taxation (net of prepaid taxes)	93,29,341	57,62,227
Provision for interest on income tax	36,54,203	36,54,203
Provision for gratuity and leave encashment	1,42,98,183	1,25,79,932
	<u>4,61,68,929</u>	<u>4,09,42,723</u>
(Amount in Rupees)		
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
16. SALES AND SERVICES		
Sales	89,43,31,498	85,00,57,583
Income from services	12,44,03,466	9,94,77,900
	<u>101,87,34,964</u>	<u>94,95,35,483</u>
17. OTHER INCOME		
Interest earned (gross)	60,04,046	29,66,898
(Tax deducted at source: Rs.5,33,562 /-, previous year: Rs.3,03,846/-)		
Dividends from current non-trade investments	-	74,754
Profit on sale of current non-trade investments (net)	-	6,738
Miscellaneous income	95,93,566	1,02,35,824
Excess liabilities written back	95,314	3,01,655
Foreign exchange fluctuations (net)	-	37,73,665
Provision for diminution in book value of investment no longer required (net)	47,40,007	-
	<u>2,04,32,933</u>	<u>1,73,59,534</u>
18. COST OF MATERIALS CONSUMED		
Raw material consumed	41,39,72,848	40,28,05,850
Packing material consumed	1,57,15,946	95,24,288
	<u>42,96,88,794</u>	<u>41,23,30,138</u>

	(Amount in Rupees)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
19. MANUFACTURING EXPENSES		
Consumable stores	27,53,934	18,64,486
Power and fuel	88,58,852	80,57,017
Repairs and maintenance to plant and machinery	1,72,14,765	1,38,27,166
Repairs and maintenance to roads and buildings	9,51,545	26,33,077
Equipment hire charges	24,13,038	24,00,000
	<u>3,21,92,134</u>	<u>2,87,81,746</u>
20. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages, bonus, gratuity and other benefits	16,83,13,952	13,25,56,086
Workmen and staff welfare expenses	85,06,551	72,81,724
Contribution to provident fund	91,79,666	74,21,175
Contribution to E.S.I.	29,37,225	24,97,648
	<u>18,89,37,394</u>	<u>14,97,56,633</u>
21. RESEARCH AND DEVELOPMENT EXPENSES		
Material consumed	8,40,974	7,12,833
Salaries, wages and other benefits	55,93,881	37,81,680
Contribution to provident fund	3,29,666	2,54,985
Contribution to E.S.I.	1,81,416	1,64,330
	<u>69,45,937</u>	<u>49,13,828</u>
22. OTHER EXPENSES		
Directors' remuneration (Refer note no.8 of schedule 27)	1,57,07,392	1,46,11,349
Directors' sitting fees	3,90,000	5,05,000
Travelling and conveyance	1,43,68,742	1,32,35,634
Professional charges	31,05,256	35,49,631
Printing and stationery	14,32,365	14,19,087
Communication expenses	21,78,859	20,69,817
Rates and taxes	23,94,262	25,18,777
Advertisement	2,82,434	2,40,174
Vehicle maintenance	77,75,469	84,05,460
Repairs and maintenance to other assets	66,47,824	24,46,030
Carriage and freight	2,74,44,576	2,11,53,687
Less: Freight and handling charges recovered	<u>1,84,75,098</u>	<u>1,43,83,553</u>
	89,69,478	67,70,134
Insurance	33,41,814	21,05,758
Rent	13,07,289	13,46,186
Payments to auditors (Refer note no.11 of schedule 27)	10,02,244	6,98,764
General expenses	1,33,45,458	1,39,64,822
Donations	4,56,582	1,85,909
Bad debts written off	-	22,103
Loss on sale of assets (net)	45,188	1,41,746
Foreign exchange fluctuations (net)	10,39,710	-
Loss on sale of investments (net)	49,80,182	-
Book deficit on assets discarded	54,972	-
	<u>8,88,25,520</u>	<u>7,42,36,381</u>

	(Amount in Rupees)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
23. SELLING EXPENSES		
Sales commission	1,50,61,992	1,17,79,866
Sales promotion expenses	5,73,722	11,00,619
Discount	1,69,450	2,64,562
Other selling expenses	34,65,288	20,59,247
	<u>1,92,70,452</u>	<u>1,52,04,294</u>
24. FINANCIAL COSTS		
Interest on fixed loans	1,14,367	14,20,150
Interest to others	75,68,544	70,95,969
Other finance charges	-	3,00,000
Bank charges and commission	63,37,705	65,07,927
	<u>1,40,20,616</u>	<u>1,53,24,046</u>
25. (INCREASE)/DECREASE IN STOCKS		
Opening 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>
Less: Closing stock		
Finished goods	81,06,984	3,22,08,391
Work-in- process	3,26,26,813	2,43,35,450
Scrap	10,89,227	6,26,079
	<u>4,18,23,024</u>	<u>5,71,69,920</u>
	<u>1,53,46,896</u>	<u>(2,00,64,610)</u>
Excise duty adjustment on finished goods inventory	(13,89,739)	(2,61,591)
(Increase) / decrease in stocks	<u>1,39,57,157</u>	<u>(1,98,03,019)</u>
26. WRITE OFFS/PROVISIONS RELATING TO JOINT VENTURES		
(Refer note no.7 of schedule 27)		
Provision for doubtful advances	-	7,00,33,973
Provision for diminution in book value of investments	-	40,63,035
Advances written off	7,00,33,973	-
Less: Provision for doubtful advances no longer required	<u>7,00,33,973</u>	<u>-</u>
	-	-
Interest receivable written off	1,60,70,707	-
Less: Provision for doubtful interest receivable no longer required	<u>1,60,70,707</u>	<u>-</u>
	-	-
	<u>-</u>	<u>7,40,97,008</u>

27. NOTES TO ACCOUNTS

27.1. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

27.2. Contingent liabilities (Amount in Rupees)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
(a) On account of guarantees issued by the banks on behalf of the company	26,56,13,213	14,56,16,183
(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
(d) Guarantees issued by the company on behalf of associate company	2,53,90,911	2,65,05,248

27.3. Capital commitments

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,78,79,700	3,89,039

27.4. Revaluation reserve

During the year, the company has reversed the effect of the revaluation of fixed assets with the following result on the accounts:

Fixed assets net block has been reduced by Rs.34,02,055/-

Revaluation reserve has been reduced by Rs.34,02,055/-

27.5 Confirmation letters have been issued in respect of debts, loans and advances and sundry creditors of the company but no responses have been received 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 are realisable in the ordinary course of business equal to the amount at which they are stated and provision for all known liabilities has been made.

27.6. 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	(Amount in Rupees)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Principal amount remaining unpaid as on 31st March	4,21,270	10,23,470
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

27.7. Write offs relating to Joint Ventures

Operations of Joint Ventures in Turkey and Georgia have been stopped as they have been found unviable. In view of this and with no prospects of recovery, the company has previously applied for regulatory permission to write off these advances and receivables. Further, as a matter of prudence, during the previous two years, a provision of Rs. 8,61,04,680/- was made in respect of these amounts. The company, upon receiving the regulatory permission during 2010-11, has written off the said advances and receivables of Rs. 8,61,04,680/- after writing back the previously made provisions.

27.8. Directors' remuneration and calculation of commission

(Amount in Rupees)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
a) Directors' remuneration		
Salary and allowances	91,49,445	72,34,642
Contribution to provident fund	6,91,335	5,44,855
Perquisites	34,41,412	13,04,540
Commission	24,25,200	55,27,312
	<u>1,57,07,392</u>	<u>1,46,11,349</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 profit to Chairman and Managing Director and other directors		

(Contd..)

Particulars	(Amount in Rupees)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Profit as per profit and loss account	15,04,98,633	12,98,50,111
Add		
Managerial remuneration including perquisites and benefits	1,57,07,392	1,46,11,349
Directors' sitting fees	3,90,000	5,05,000
Wealth tax	8,298	15,398
Loss on sale of assets (net)	45,188	1,41,746
Loss on sale of investments (net)	49,80,182	-
Provision for diminution in book value of investment	-	40,63,035
Book deficit on assets discarded	54,972	-
Provision for doubtful advances	-	7,00,33,973
Depreciation as per books	1,76,60,830	1,47,65,439
	18,93,45,495	23,39,86,051
Less		
Provision for doubtful advance no longer required	7,00,33,973	-
Provision for doubtful interest receivable no longer required	1,60,70,707	-
Provision for diminution in book value of investment no longer required (net)	47,40,007	-
Depreciation as envisaged under Section 350 of the Companies Act, 1961	1,76,60,830	1,47,65,439
Net profit u/s 198(1) of the Companies Act, 1956	8,08,39,978	21,92,20,612
Commission on profit:		
1.50% to Chairman and Managing Director	12,12,600	23,30,345
0.50% to Executive Director	4,04,200	10,96,103
0.50% to Director (Marketing)	4,04,200	10,96,103
0.50% to Director (Production)	4,04,200	10,04,761
Total commission	24,25,200	55,27,312

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

Product	Licensed/Registered capacity		Installed capacity (as certified by the management)		Actual production		Turnover			
	Year ended 31st March,		Year ended 31st March,		Year ended 31st March,		Year ended 31st March,		Year ended 31st March,	
	2011	2010	2011	2010	2011	2010	Qty	Rupees	Qty	Rupees
Industrial explosives (tonnes)	38,000	38,000	38,000	38,000	16,544.303	16,959.402	16,544.303	38,91,73,663	16,959.402	36,37,31,008
Detonators (million nos)	100	100	100	100	47.594	67.739	49.476	30,28,16,743	67.563	35,11,30,145
Styphnic acid (tonnes)	10	10	5	5	1.494	1.867	0.550	12,98,085	0.450	9,05,755
Styphnic acid for captive consumption (tonnes)	-	-	-	-	-	-	0.977	-	1.390	-
Detonating fuse (million meters)	45	45	45	45	9.816	18.031	13.860	5,90,29,258	14.896	5,50,47,693
PETN (tonnes)	700	700	700	700	209.543	272.248	-	-	-	-
PETN captive consumption (tonnes)	-	-	-	-	-	-	209.443	-	271.048	-
Boostex (tonnes)	500	500	500	500	177.326	121.106	194.057	5,02,64,743	103.580	2,62,06,344
Special products (Pyrogen / Propellants) – Capacities in tonnes & production and sales in nos.	1,000	1,000	200	200	154	94	154	5,62,22,087	94	1,70,50,115
Pyros (nos)	20,00,000	20,00,000	20,00,000	20,00,000	14,786	5,268	14,844	2,36,62,123	5,168	2,47,48,766
CL –20 (kgs)	10,000	10,000	10,000	10,000	-	50.50	-	-	50.50	18,85,000
HNS (kgs)	10,000	10,000	10,000	10,000	1,000	0.590	1,000	1,25,000	0.590	28,372
HNF(kgs)	10,000	10,000	-	-	-	-	-	-	-	-
Power from wind mill (units)	-	-	800 kW	800 kW	14,69,721	1,61,832	14,58,612	49,44,695	1,38,276	4,68,755
Power captive consumption (units)	-	-	-	-	-	-	11,060	-	6,900	-
Others	-	-	-	-	-	-	-	13,11,98,567	-	10,83,33,530
Total								1,01,87,34,964		94,95,35,483

27.9 .Additional information as required by Part-II of Schedule VI of the Companies Act, 1956
27.9.2. Details of Purchase of stock in trade , opening stock and closing stock

Product	Purchase of stock in trade				Opening Stock				Closing Stock			
	Year ended 31st March, 2011		Year ended 31st March 2010		Year ended 31st March 2011		Year ended 31st March 2010		Year ended 31st March 2011		Year ended 31st March 2010	
	Qty	Rupees	Qty	Rupees	Qty	Rupees	Qty	Rupees	Qty	Rupees	Qty	Rupees
Industrial explosives (tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Detonators (million nos)	-	-	-	-	2.613	1,52,68,221	2.437	1,30,66,060	0.731	58,59,331	2.613	1,52,68,221
Styphnic acid (tonnes)	-	-	-	-	0.065	66,583	0.038	15,555	0.032	44,678	0.065	66,583
Styphnic acid for captive consumption (tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Detonating fuse (million meters)	-	-	-	-	4.398	1,22,39,341	1.263	36,54,188	0.354	9,74,454	4.398	1,22,39,341
PETN (tonnes)	-	-	-	-	2.000	2,35,362	0.800	94,973	2.100	2,79,570	2.000	2,35,362
PETN captive consumption (tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Boostex (tonnes)	-	-	-	-	19.556	39,61,126	2.030	3,89,560	2.825	6,71,580	19.556	39,61,126
Special products (Pyrogen / Propellants) – Capacities in tonnes & production and sales in nos.	-	-	-	-	-	-	-	-	-	-	-	-
Pyros (nos)	-	-	-	-	100	3,60,000	-	-	42	1,51,200	100	3,60,000
CL –20 (kgs)	-	-	-	-	-	-	-	-	-	-	-	-
HNS (kgs)	-	-	-	-	-	-	-	-	-	-	-	-
HNF(kgs)	-	-	-	-	-	-	-	-	-	-	-	-
Power from wind mill (units)	-	-	-	-	16,656	56,464	-	-	16,705	54,208	16,656	56,464
Power captive consumption (units)	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	22,71,226	-	67,87,582	-	21,294	-	7,416	-	71,963	-	21,294
Total		22,71,226		67,87,582		3,22,08,391		1,72,27,752		81,06,984		3,22,08,391

(Amount in Rupees)				
Particulars	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
27.9.3. Details of raw material consumed	Quantity	Value	Quantity	Value
Ammonium nitrate (tonnes)	11,643.397	21,15,50,168	12,104.906	20,10,34,814
GI wire (tonnes)	224.265	1,91,12,796	309.131	2,41,83,325
Aluminium strip (tonnes)	70.371	1,19,95,799	108.984	1,64,49,682
Others		17,13,14,085		16,11,38,029
		<u>41,39,72,848</u>		<u>40,28,05,850</u>
27.9.4. Value of imported and indigenous raw materials and spare parts consumed and their percentages to total consumption	%	Value	%	Value
Raw materials				
Imported	0.06%	2,63,898	0.05%	2,05,779
Indigenous	99.94%	41,37,08,950	99.95%	40,26,00,071
	<u>100.00%</u>	<u>41,39,72,848</u>	<u>100.00%</u>	<u>40,28,05,850</u>
Spare parts				
Imported	3.44%	3,30,690	0.13%	8,021
Indigenous	96.56%	92,70,265	99.87%	59,97,425
	<u>100.00%</u>	<u>96,00,955</u>	<u>100.00%</u>	<u>60,05,446</u>
27.9.5. C.I.F. value of imports				
Raw materials		2,28,646		1,15,786
Capital goods		25,50,009		37,09,005
Stores and spares		3,78,632		67,428
		<u>31,57,287</u>		<u>38,92,219</u>
27.9.6. Expenditure in foreign currency (on accrual basis)				
Rates and taxes		-		35,760
Travel		-		3,69,346
Commission		21,74,883		12,37,310
Professional charges		11,03,548		6,10,675
Carriage and freight		50,90,530		19,52,600
Other expenses		17,16,649		5,73,865
		<u>1,00,85,610</u>		<u>47,79,556</u>
27.9.7. Earnings in foreign exchange (on accrual basis)				
FOB value of exports		5,42,44,473		4,18,94,140
		<u>5,42,44,473</u>		<u>4,18,94,140</u>

(Amount in Rupees)		
Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
27.10. Expenditure under the following heads of account include prior period expenses as given below		
Employee benefit expense	2,72,078	3,51,877
Other expenses	36,612	1,82,418
Financial costs	89,126	-
Other selling expenses	-	3,000
	3,97,816	5,37,295
27.11. Payments to auditors		
as Auditors	3,50,000	3,50,000
for Tax audit	2,00,000	1,50,000
for Income tax matters	50,000	50,000
for Quarterly reviews	1,50,000	70,000
for Certification	1,28,000	45,000
for Expenses	1,24,244	33,764
	10,02,244	6,98,764

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

Particulars	Type of foreign currency	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
		Amount in foreign currency	Equivalent Amount in Rupees	Amount in foreign currency	Equivalent Amount in Rupees
Long term borrowings	USD	-	-	1,76,445	80,12,367
Payables for supplies, services etc.,	USD	2,64,550	1,17,88,369	2,67,250	1,21,35,806
Advance from customers	USD	5,350	2,38,877	-	-
Receivables for supplies and services	USD	-	-	77,242	34,69,711
Loans and advances	USD	1,33,750	59,59,900	12,84,969	6,51,47,928
"	EURO	-	-	3,12,694	2,09,56,752
Bank guarantees	EURO	50,925	32,91,594	1,43,100	95,23,561

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

(Amount in Rupees)

Particulars	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
a) Defined contribution plans				
Contribution to provident fund		1,02,00,668		82,21,015
b) State Plans				
Contribution to E.S.I.		31,18,641		26,61,978
c) Defined benefit plans				
Gratuity and Leave encashment	Gratuity	Leave encashment	Gratuity	Leave encashment
Disclosures (as per actuary certification)				
Profit and Loss Account				
Current service cost	11,41,084	2,29,754	8,78,801	2,65,164
Interest cost on benefit obligation	16,44,761	2,17,844	13,05,132	67,059
Expected return on plan assets	(10,74,153)	NIL	(8,29,793)	NIL
Net actuarial (gain) / loss recognised in the year	43,21,179	16,62,818	31,65,057	20,07,455
Past services cost	-	-	-	-
Net benefit expenses	60,32,871	21,10,416	45,19,197	23,39,678
Balancae sheet				
Change in the present value of the defined benefit obligation is as follows				
Opening defined benefit obligation	2,05,59,513	27,23,051	1,63,14,159	18,33,238
Interest cost	16,44,761	2,17,844	13,05,132	67,059
Current services cost	11,41,084	2,29,754	8,78,801	2,65,164
Benefits paid	(14,95,327)	(13,39,431)	(11,03,636)	(14,49,865)
Actuarial (gain) / loss on obligation	43,21,179	16,62,818	31,65,057	20,07,455
Closing defined benefit obligation	2,61,71,210	34,94,036	2,05,59,513	27,23,051
Principal assumptions used in determining defined benefit				
Salary rise	4%	4%	4%	4%
Discount rate	8%	8%	8%	8%
Attrition rate	4%	4%	4%	4%

27.14. 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 & 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 segments for the year ended 31st March, 2011.

Information about Business Segment - Primary (Amount in Rupees)

	2010-11			2009-10		
	Reportable segments			Reportable segments		
	Explosives & Accessories	Wind Power	Total	Explosives & Accessories	Wind Power	Total
Revenue						
External sales	1,01,37,90,269	49,44,695	1,01,87,34,964	94,90,66,728	4,68,755	94,95,35,483
Inter segment sales	-	-	-	-	-	-
Total revenue	1,01,37,90,269	49,44,695	1,01,87,34,964	94,90,66,728	4,68,755	94,95,35,483
Result						
Segment result	15,20,05,001	1,72,497	15,21,77,498	13,71,36,425	(17,37,093)	13,53,99,332
Interest (net)			16,78,865			55,49,221
Profit before tax			15,04,98,633			12,98,50,111
Less: Income tax expense			5,03,46,216			7,04,17,664
Profit after tax			10,01,52,417			5,94,32,447
Other information						
Segment assets	62,56,87,457	4,00,34,862	66,57,22,319	54,63,51,667	4,20,66,004	58,84,17,671
Segment liabilities	24,61,88,484	875	24,61,89,359	25,45,58,343	16,00,000	25,61,58,343
Unallocated liabilities	-		1,29,83,544			94,16,430
Total Liabilities	24,61,88,484	875	25,91,72,903	25,45,58,343	16,00,000	26,55,74,773
Capital expenditure						
Tangible assets	6,12,67,285	-	6,12,67,285	2,34,21,957	4,32,00,000	6,66,21,957
Intangible assets	8,01,200	-	8,01,200	87,795	-	87,795
Depreciation	1,32,24,970	44,35,860	1,76,60,830	1,25,29,279	22,36,160	1,47,65,439

Secondary segment - Geographical by location of customers (Amount in Rupees)

Particulars	2010-11		2009-10	
	Amount	%	Amount	%
Domestic	96,44,90,491	94.68%	90,76,41,343	95.59%
Exports	5,42,44,473	5.32%	4,18,94,140	4.41%
Total	101,87,34,964	100.00%	94,95,35,483	100.00%

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

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

27.15.1. 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 Prasad
 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

e) Concerns in which the company has substantial interest

Premier Wire Products Limited
 VTL Premier Pyrotechnics Limited

f) Joint Ventures

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

27.15.2. Details of transactions with the related parties:

(Amount in Rupees)

S. No.	Related party / nature of transaction	2010-2011		2009-2010	
		Amount of transaction	Amount outstanding	Amount of transaction	Amount outstanding
1.	Key management personnel		81,21,468 Cr		77,45,336 Cr
	Managerial remuneration	1,57,07,392		1,46,11,349	
	Acceptance of unsecured loans	34,00,000		22,00,000	
	Interest paid	5,31,382		1,03,996	
	Repayment of unsecured loans	4,00,000		6,00,000	
2.	Relatives of key management personnel		56,51,880 Cr		1,38,14,739 Cr
	Sitting fees	1,00,000		1,10,000	
	Acceptance of unsecured loans	1,05,50,000		18,00,000	
	Repayment of unsecured loans	1,62,47,000		25,10,000	
	Interest paid	9,95,128		16,22,692	

(Amount in Rupees)				
S. No.	Related party / nature of transaction	2010-2011		2009-2010
		Amount of transaction	Amount outstanding	Amount of transaction Amount outstanding
3.	Concerns in which key management personnel have substantial interest (Significant interest entities)		45,41,161 Cr	40,73,579 Cr
	Acceptance of unsecured loans	19,52,000		8,00,000
	Repayment of unsecured loans	14,51,000		6,08,000
	Interest paid	5,25,940		4,08,670
	Rent received	14,050		9,370
	Lease rent paid	6,00,000		6,00,000
4.	Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)		21,12,711 Dr	29,89,955 Dr
	Jobwork charges paid	4,76,160		17,57,944
	Other expenses paid	6,95,937		4,80,375
	Lease rent paid	18,00,000		18,00,000
	Interest recovered	3,12,599		4,51,967
	Rent Paid	-		22,000
5.	Concerns in which the company has substantial interest		2,64,45,750 Dr	72,87,085 Dr
	Rent paid	60,000		60,000
	Lease rent received	1,56,000		1,56,000
	Interest recovered	24,37,500		12,25,000
	Purchase of raw materials	1,81,48,462		2,55,73,843
	Staff cost recovered	3,21,292		3,30,020
	Sale of materials	1,52,475		1,66,341
	Provision for diminution in book value of investments	2,48,000		-
	Loan given	1,45,00,000		-
	Technical consultancy charges received	1,08,000		-
6.	Joint ventures		-	8,61,04,680 Dr
	Advances written off	7,00,33,973		-
	Interest receivable written off	1,60,70,707		-
	Provision for diminution in book value of investments	-		40,63,035
	Provision for doubtful advances	-		7,00,33,973

27.15.3. Disclosure in respect of transaction which are more than 10% of the total transactions of the same type with related parties during the year (Amount in Rupees)

S. No.	Particulars	2010-11	2009-10
1.	Acceptance of unsecured loans		
	Mr.A.N.Gupta	34,00,000	22,00,000
	A.N.Gupta(HUF)	19,52,000	8,00,000
	Dr. Kailash Gupta	48,19,000	9,00,000
	Mrs. Shonika Prasad	47,63,000	-
2.	Interest received		
	Premier Wire Products Limited	24,37,500	12,25,000
	Godavari Explosives Limited	3,12,599	4,51,967
3.	Interest paid		
	A.N.Gupta(HUF)	5,25,940	4,08,670
	Dr. Kailash Gupta	4,05,448	6,02,057
	Mrs. Shonika Prasad	3,22,206	7,82,642
	Mrs.P.P.Malu	2,16,157	-
	Mr.A.N.Gupta	5,31,382	-
4.	Lease rent received		
	Premier Wire Products Limited	1,56,000	1,56,000
	Godavari Farms & Plantations	14,050	9,370
5.	Job work charges paid		
	Ask Consultants Private Limited	1,08,013	2,19,130
	Aims	3,68,147	4,28,830
	Team Industries	-	11,09,984
6.	Lease rent paid		
	Godavari Explosives Limited	18,00,000	18,00,000
	Amar Leasing	6,00,000	6,00,000
7.	Loans given		
	Premier Wire Products Limited	1,45,00,000	-
8.	Remuneration including perquisites		
	Mr.A.N.Gupta	81,74,959	68,33,546
	Mr. T.V Chowdary	29,53,101	28,74,463
	Mr. K.Chalil	27,12,716	26,97,438
	Dr.N.V.Srinivasa Rao	18,66,616	22,05,902
9.	Rent paid		
	Premier Wire Products Limited	60,000	60,000
	Ask Consultants Pvt Ltd	-	22,000

(Amount in Rupees)		
S. No. Particulars	2010-11	2009-10
10. Repayment of unsecured loans		
Mr.A.N.Gupta	-	6,00,000
Mrs. Shonika Prasad	98,76,000	7,33,000
Dr. Kailash Gupta	54,69,000	11,03,000
A.N.Gupta (HUF)	-	6,08,000
11. Provision for diminution in book value of investments		
VTL Premier Pyrotechnics Limited	2,48,000	-
Premier Georgia Limited	-	40,63,035
12. Sitting fees		
Dr.Kailash Gupta	1,00,000	1,10,000
13. Staff cost recovered		
Premier Wire Products Limited	3,21,292	3,30,020
14. Transport charges paid		
Ask Consultants Private Limited	6,95,937	4,80,375
15. Purchase of materials		
Premier Wire Products Limited	1,81,48,462	2,55,73,843
16. Sale of Materials		
Premier Wire Products Limited	1,52,475	1,66,341
17. Provision for doubtful advances		
Premier Georgia Limited	-	5,12,14,757
Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	-	1,88,19,216
18. Advances written off		
Premier Georgia Limited	5,12,14,757	-
Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	1,88,19,216	-
19. Interest receivable written off		
Premier Georgia Limited	1,39,33,171	-
Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S	21,37,536	-
20. Technical consultancy charges received		
VTL Premier Pyrotechnics Limited	1,08,000	-

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

(Amount in Rupees)

Name of the company	Balance as at 31st March,		Maximum outstanding during	
	2011	2010	2010-11	2009-10
Loans and advances in the nature of loans given to associates:				
Premier Wire Products Limited	2,45,00,000	1,00,00,000	2,45,00,000	1,00,00,000

27.17. 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.3,45,500/- (previous year: Rs. 5,51,200/-)

27.18. Earnings per share (EPS) - The numerator and denominator used to calculate Earnings per share:

(Amount in Rupees)

Particulars		Year ended	Year ended
		31st March, 2011	31st March, 2010
Profit attributable to the equity shareholders	(A)	10,01,52,417	5,94,32,447
Basic/weighted average number of equity shares outstanding during the year	(B)	81,25,357	81,23,858
Nominal value of each Equity Share		10	10
Earning per share	(A) / (B)	12.33	7.32

27.19. Provision for deferred tax

- Provision for current tax has been made based on an estimate of assessable income determined by the company under the Income Tax Act, 1961.
- 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 :

(Amount in Rupees)

Particulars	Opening as at 1st April, 2010	Charge/(Credit) during the year	Closing as at 31st March, 2011
a. Deferred tax liabilities			
Depreciation	5,50,64,914	8,37,763	5,59,02,677
Total (a)	5,50,64,914	8,37,763	5,59,02,677
b. Deferred tax assets			
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	81,36,234	3,48,173	84,84,407
Others	53,38,287	(53,38,287)	-
Total (b)	1,34,74,521	(49,90,114)	84,84,407
TOTAL (a - b)	4,15,90,393	58,27,877	4,74,18,270

27.20. Interests in Joint Ventures as per Accounting Standard 27

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

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2011
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 8).

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.

27.21. Excise duty

Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Schedule 25 "Increase/(Decrease) in stocks".

27.22. Donations

Donations include Rs. 1,00,000/- paid to Telangana Rashtra Samithi.

27.23. Information required under Part IV of Schedule VI

Information as required under Part IV of Schedule VI of the Companies Act, 1956 is given in Annexure-7 following the "28. Significant Accounting Policies."

28. SIGNIFICANT ACCOUNTING POLICIES**28.1 Accounting convention**

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

28.2 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 projects involving construction, related pre-operational expenses form part of the value of the assets capitalised.

28.3 Depreciation

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

28.4 Intangible assets and amortisation

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

28.5 Inventories

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

28.6 Borrowing costs

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

28.7 Investments

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

28.8 Revenue recognition

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

(i) Sales

Gross sales include 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.

28.9 Excise duty

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

28.10 Employee benefits**(i) Defined contribution plans**

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

(ii) State plans

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

(iii) Defined benefit plans**a) Gratuity:**

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

b) Leave encashment:

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

(iv) 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.

28.11 Foreign exchange transactions

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

28.12 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.

28.13 Operating leases

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

28.14 Taxation

Tax expense (or 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.

28.15 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.

28.16 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.

28.17 Earning per share

Earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

28.18 Use of estimates

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

Signatures to Schedules 1 to 28

Per our report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants
Firm's Registration No. 002283S

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

Secunderabad
19.05.2011

A. N. Gupta
Chairman and Managing Director

C. Subba Rao
Vice President (Finance)

K. Chalil
Director (Marketing)

Avinash Kumar Singh
Company Secretary

Annexure-7

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

31.03.2011

II. Capital raised during the year (Amount in Rupees thousands)

Public issue

NIL

Rights issue

NIL

Bonus issue

NIL

Private placement

NIL

III. Position of mobilisation and deployment of funds (Amount in Rupees thousands)

Total liabilities

454310

Total assets

454310

Sources of funds

Paid-up capital

81254

Reserves and surplus

277877

Secured loans

11038

Unsecured loans

36723

Deferred tax liability

47418

Application of funds

Net fixed assets

317507

Net current assets

132303

Investments

4500

Misc. expenditure

NIL

Accumulated losses

NIL

IV. Performance of company (Amount in Rupees thousands)

Turnover/Other income

964269

Total expenditure

813770

Profit before tax

150499

Profit after tax

100152

Earning per share in Rs.

12.33

Dividend rate

20%

V. 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

Premier Explosives Limited

Annexure-8

Premier Explosives Limited

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

31st Annual General Meeting, 18th July, 2011 At 11.00 a.m.

Admission Slip

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

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

NOTE:

Member's Signature

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

Name of the Proxy in BLOCK LETTERS

Proxy's Signature



Annexure-9

Premier Explosives Limited

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

Proxy Form

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

I / We being Member / Members of PREMIER EXPLOSIVES
LIMITED hereby appoint
of
in the district of
as my / our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of the company to be held on 18th July,
2011 and at any adjournment thereof.

Signed this day of 2011

Name

Address

Revenue
Stamp

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

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



Annexure-10

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

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

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

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

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

Place : _____ (.....)

Date : _____ Signature of the shareholder

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

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

Date : _____ Signature of Authorized Official of the Bank

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 8th July, 2011 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.



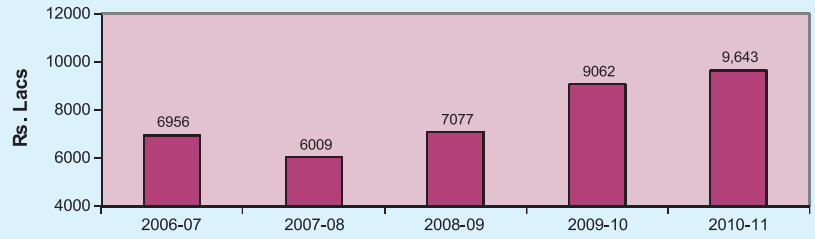
TEN YEARS AT A GLANCE

(Rs. lacs)

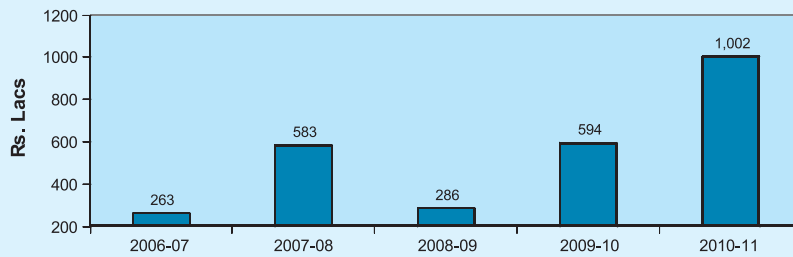
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Gross fixed assets	3,416.82	3,455.39	3,500.35	3,534.51	3,764.35	4,940.87	2,794.53	2,978.48	3,635.50	4,124.74
Accumulated depreciation	(1,106.38)	(1,249.87)	(1,355.78)	(1,307.32)	(1,443.62)	(1,622.82)	(824.64)	(944.16)	(1,089.74)	(1,171.72)
Capital work in progress	0.82	26.26	66.55	14.13	803.12	3.29	13.51	-	-	26.25
Unallocated expenditure pending capitalisation	-	26.58	15.79	5.19	58.81	-	-	-	-	17.48
Advance for capital works	-	-	-	-	-	-	-	182.88	375.61	178.31
Net fixed assets	2,311.26	2,258.36	2,226.91	2,246.51	3,182.66	3,321.34	1,983.40	2,217.20	2,921.37	3,175.06
Investments	-	-	-	49.93	33.50	63.99	68.50	103.16	147.53	45.00
Current assets, loans and advances	2,116.81	2,062.41	2,173.04	2,634.90	3,527.92	4,484.30	4,005.40	2,954.83	2,815.28	3,437.16
Current liabilities and provisions	(899.03)	(1,005.08)	(1,344.16)	(1,554.76)	(1,805.06)	(3,162.88)	(1,545.77)	(1,643.05)	(1,716.04)	(2,114.12)
Net current assets	1,217.78	1,057.33	828.88	1,080.14	1,722.86	1,321.42	2,459.63	1,311.78	1,099.24	1,323.04
Miscellaneous expenditure not written off	60.59	45.67	33.95	22.23	10.51	-	-	-	-	-
Total assets	3,589.63	3,361.36	3,089.74	3,398.81	4,949.53	4,706.75	4,511.53	3,632.14	4,168.14	4,543.10
Share capital	783.91	783.91	796.42	810.71	811.61	811.99	812.15	812.27	812.39	812.54
Capital reserve	30.70	30.70	30.70	30.70	30.70	30.70	30.70	30.70	30.70	30.70
Other reserves	549.86	542.60	588.11	697.65	864.87	983.86	1,423.16	1,565.62	1,969.44	2,748.07
Shareholders' funds	1,364.47	1,357.21	1,415.23	1,539.06	1,707.18	1,826.55	2,266.01	2,408.59	2,812.53	3,591.31
Secured loans	1,745.74	1,479.74	1,028.53	1,041.51	2,405.73	1,999.55	1,616.43	627.42	603.29	110.38
Unsecured loans	294.78	324.88	323.11	406.18	481.87	469.73	350.47	303.47	336.42	367.23
Deferred tax liability	184.64	199.53	322.87	412.06	354.75	410.92	278.62	292.66	415.90	474.18
Total liabilities	3,589.63	3,361.36	3,089.74	3,398.81	4,949.53	4,706.75	4,511.53	3,632.14	4,168.14	4,543.10
Sales and other income	4,535.65	5,458.80	5,222.90	6,102.18	7,138.17	6,956.46	6,009.62	7,077.37	9,062.44	9,642.69
Profit before depreciation, interest, exceptional items and tax	532.14	657.02	706.88	696.72	851.01	982.12	856.61	1,548.96	2,340.36	1,821.80
Depreciation	(150.69)	(154.08)	(147.27)	(146.67)	(157.48)	(191.86)	(112.93)	(120.75)	(147.65)	(176.61)
Interest	(300.98)	(254.55)	(209.75)	(180.34)	(235.69)	(340.65)	(276.21)	(279.04)	(153.24)	(140.21)
Profit before exceptional items and tax	80.47	248.39	349.86	369.71	457.84	449.61	467.47	1,149.17	2,039.47	1,504.98
Exceptional items	-	(228.31)	-	-	-	-	397.12	(537.01)	(740.97)	-
Tax	(47.96)	(17.79)	(146.07)	(120.47)	(150.75)	(187.08)	(281.71)	(326.10)	(704.18)	(503.46)
Profit after tax	32.51	2.29	203.79	249.24	307.09	262.53	582.88	286.06	594.32	1,001.52
Earning per share (Rupees)	0.41	0.03	2.59	3.10	3.78	3.23	7.17	3.52	7.32	12.33
Equity dividend	-	-	1.20	1.50	1.50	1.50	1.50	1.50	2.00	2.00
- Rupees per share	-	-	95.57	121.61	121.74	121.80	121.82	121.84	162.48	162.51
- Total payout	-	7,576	6,855	6,576	8,836	9,985	8,855	8,660	6,911	7,306
- No. of shareholders	-	-	-	-	-	-	-	-	-	-

Financial Highlights

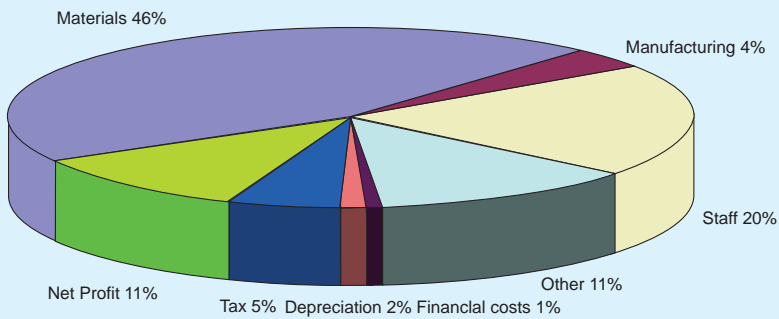
Turnover



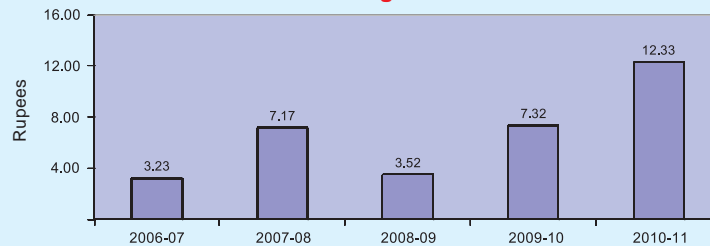
Profit After Tax



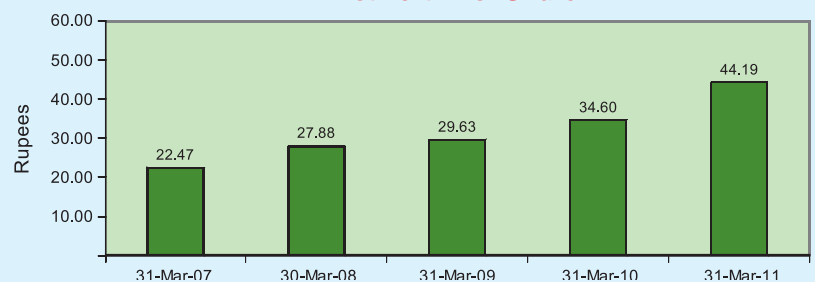
Income Pie 2010-11



Earning Per Share



Network Per Share



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

**PRINTED MATTER
BOOK - POST**

If undelivered, please return to :

PREMIER EXPLOSIVES LIMITED

‘Premier House’

11, Ishaq Colony

(Near AOC Centre)

Secunderabad - 500 015. (A.P.)