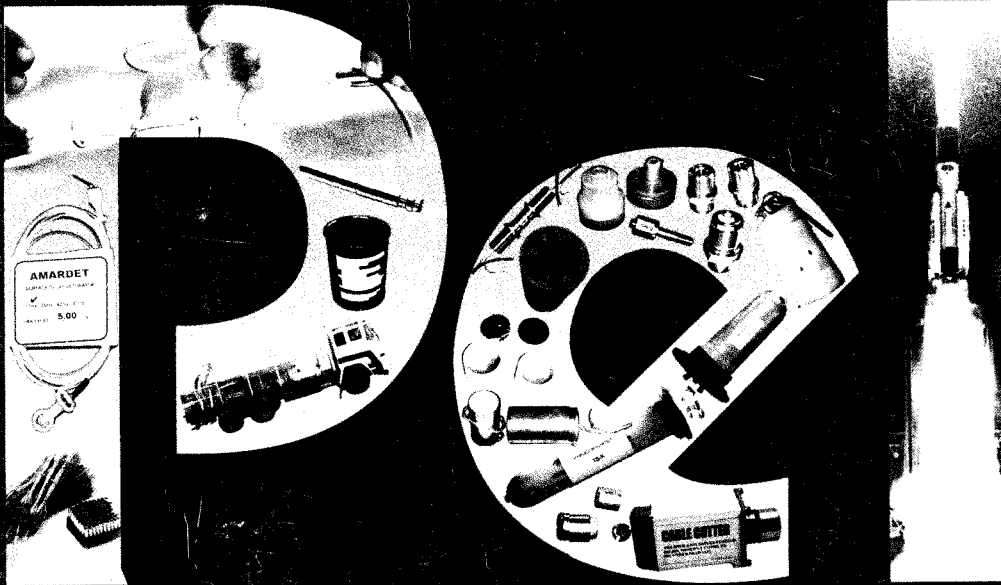


# 29<sup>th</sup> Annual Report 2008-09



**Premier  
Explosives  
Limited**

## Premier Explosives Limited

|                                    |   |                                |
|------------------------------------|---|--------------------------------|
| BOARD OF DIRECTORS                 | A.N. GUPTA  | - Chairman & Managing Director |
|                                    | T.V. CHOWDARY   | - Executive Director           |
|                                    | K. CHALIL   | - Director (Marketing)         |
|                                    | DR. N.V. SRINIVASA RAO  | - Director (Production)        |
|                                    | Dr. (Mrs.) KAILASH GUPTA  | - Director                     |
|                                    | Dr. V.V. SUBBA REDDY  | - Director                     |
|                                    | ANIL KUMAR MEHTA  | - Director                     |
|                                    | Dr. HARIDWAR SINGH  | - Director                     |
|                                    | P.R. TRIPATHI   | - Director                     |
|                                    | DR. A. VENKATARAMAN   | - Director                     |
|                                    | K. RAMA RAO   | - Director                     |
| V.P. (FINANCE) & COMPANY SECRETARY | B. SOMASEKHARA RAO  |                                |
| AUDITORS                           | M.R. DEVINENI & CO.   |                                |
| BANKERS                            | STATE BANK OF INDIA<br>IDBI BANK LTD.   |                                |
| REGISTERED OFFICE                  | 202, 203, Minerva Complex,<br>S.D. Road, Secunderabad - 500 003.  |                                |
| FACTORIES                          | DETONATORS AND SPECIAL PRODUCTS DIVISION<br>Peddakandukur - 508 286<br>District Nalgonda (A.P.)<br><br>BULK EXPLOSIVES<br>i) Chandrapur Division<br>C-16, M.I.D.C Ghugus Road<br>Chandrapur (Maharashtra) - 442 485<br><br>ii) Manuguru Division<br>Manuguru - 507 117<br>District Khammam (A.P.)<br><br>iii) Singrauli Division<br>Plot No. 42, Industrial Area<br>Udyog Deep, Waidhan - 486 886<br>District : Sidhi (M.P.)<br><br>iv) Godavarikhani Division<br>Village: Godavarikhani<br>Karimnagar District<br>Andhra Pradesh |                                |
| REGISTRARS & SHARE TRANSFER AGENTS | Sathguru Management<br>Consultants Private Limited<br>Plot No. 15, Hindi Nagar,<br>Punjagutta, Hyderabad - 500 034.   |                                |

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**PREMIER EXPLOSIVES LIMITED - TEN YEARS AT A GLANCE**

(Rupees in lakhs)

|  | 1999-2000      | 2000-01        | 2001-02        | 2002-03        | 2003-04        | 2004-05        | 2005-06        | 2006-07        | 2007-08        | 2008-09        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS EMPLOYED</b>                         |                |                |                |                |                |                |                |                |                |                |
| Gross fixed assets                             | 3176.88        | 3309.42        | 3416.82        | 3455.39        | 3500.35        | 3534.51        | 3764.35        | 4940.87        | 2794.53        | 2978.48        |
| Accumulated depreciation                       | (794.85)       | (956.47)       | (1106.38)      | (1249.87)      | (1355.78)      | (1307.32)      | (1443.62)      | (1622.82)      | (824.64)       | (944.16)       |
| Capital work in progress                       | 0.44           | 14.02          | 0.82           | 26.26          | 66.55          | 14.13          | 803.12         | 3.29           | 13.51          | -              |
| Unallocated expenditure pending capitalisation | 3.77           | -              | -              | 26.58          | 15.79          | 5.19           | 58.81          | -              | -              | -              |
| <b>Net Fixed Assets</b>                        | <b>2386.24</b> | <b>2366.97</b> | <b>2311.26</b> | <b>2258.36</b> | <b>2226.91</b> | <b>2246.51</b> | <b>3182.66</b> | <b>3321.34</b> | <b>1983.40</b> | <b>2034.32</b> |
| Investments                                    | 0.31           | 0.34           | -              | -              | -              | 49.93          | 33.50          | 63.99          | 68.50          | 103.16         |
| Loans and advances                             | 621.01         | 493.41         | 426.56         | 202.06         | 280.58         | 407.75         | 875.55         | 1169.36        | 1309.79        | 1246.59        |
| Current Assets                                 | 1394.65        | 1970.99        | 1690.25        | 1860.35        | 1892.46        | 2227.15        | 2652.37        | 3314.94        | 2695.61        | 1891.12        |
| Current Liabilities                            | (976.56)       | (1175.48)      | (899.03)       | (1005.08)      | (1213.31)      | (1399.26)      | (1483.14)      | (2912.17)      | (1122.40)      | (1334.82)      |
| <b>Net Current Assets</b>                      | <b>418.09</b>  | <b>795.51</b>  | <b>791.22</b>  | <b>855.27</b>  | <b>679.15</b>  | <b>827.89</b>  | <b>1169.23</b> | <b>402.77</b>  | <b>1573.21</b> | <b>556.30</b>  |
| Provision for gratuity & leave encashment      | -              | -              | -              | -              | (23.03)        | (16.84)        | (36.39)        | (67.33)        | (79.99)        | (92.00)        |
| Other Provisions                               | -              | -              | -              | -              | -              | -              | (146.72)       | (40.88)        | (200.86)       | (73.68)        |
| Proposed dividend, dividend tax                | -              | (43.15)        | -              | -              | (107.82)       | (138.66)       | (138.81)       | (142.50)       | (142.52)       | (142.55)       |
| Deferred tax liability                         | -              | -              | (184.64)       | (199.53)       | (322.87)       | (412.06)       | (354.75)       | (410.92)       | (278.62)       | (292.66)       |
| Miscellaneous expenditure not written off      | 17.17          | 12.59          | 60.59          | 45.67          | 33.95          | 22.23          | 10.51          | -              | -              | -              |
| <b>Net assets employed</b>                     | <b>3442.82</b> | <b>3625.67</b> | <b>3404.99</b> | <b>3161.83</b> | <b>2766.87</b> | <b>2986.75</b> | <b>4594.78</b> | <b>4295.83</b> | <b>4232.91</b> | <b>3339.48</b> |
| <b>FINANCED BY</b>                             |                |                |                |                |                |                |                |                |                |                |
| Share capital                                  | 783.17         | 783.17         | 783.91         | 783.91         | 796.42         | 810.71         | 811.61         | 811.99         | 812.15         | 812.27         |
| Capital reserve                                | 30.70          | 30.70          | 30.70          | 30.70          | 30.70          | 30.70          | 30.70          | 30.70          | 30.70          | 30.70          |
| Revenue reserve                                | 551.51         | 683.49         | 549.86         | 542.60         | 588.11         | 697.65         | 864.87         | 983.86         | 1423.16        | 1565.62        |
| Shareholders funds                             | 1365.38        | 1497.36        | 1364.47        | 1357.21        | 1415.23        | 1539.06        | 1707.18        | 1826.55        | 2266.01        | 2408.59        |
| Secured loans                                  | 1908.45        | 1889.19        | 1745.74        | 1479.74        | 1028.53        | 1041.51        | 2405.73        | 1999.55        | 1616.43        | 627.42         |
| Unsecured loans                                | 168.99         | 239.12         | 294.78         | 324.88         | 323.11         | 406.18         | 481.87         | 469.73         | 350.47         | 303.47         |
| <b>Total Funds employed</b>                    | <b>3442.82</b> | <b>3625.67</b> | <b>3404.99</b> | <b>3161.83</b> | <b>2766.87</b> | <b>2986.75</b> | <b>4594.78</b> | <b>4295.83</b> | <b>4232.91</b> | <b>3339.48</b> |
| <b>SALES AND PROFIT</b>                        |                |                |                |                |                |                |                |                |                |                |
| Sales and other income                         | 4042.30        | 5213.03        | 4535.65        | 5458.80        | 5222.90        | 6102.18        | 7138.17        | 6956.46        | 6009.62        | 7077.37        |
| Profit before depreciation & interest          | 196.95         | 707.67         | 532.14         | 657.02         | 706.88         | 696.72         | 851.01         | 982.12         | 856.61         | 1548.96        |
| Depreciation                                   | (140.79)       | (150.17)       | (150.69)       | (154.08)       | (147.27)       | (146.67)       | (157.48)       | (191.86)       | (112.93)       | (120.75)       |
| Interest                                       | (431.32)       | (353.55)       | (300.98)       | (254.55)       | (209.75)       | (180.34)       | (235.69)       | (340.65)       | (276.21)       | (279.04)       |
| Profit before exceptional item and taxation    | (375.16)       | 203.95         | 80.47          | 248.39         | 349.86         | 369.71         | 457.84         | 449.61         | 467.47         | 1149.17        |
| Exceptional item                               | -              | -              | -              | (228.31)       | -              | -              | -              | -              | 397.12         | (537.01)       |
| Taxation                                       | (7.05)         | (16.50)        | (47.96)        | (17.79)        | (146.07)       | (120.47)       | (150.75)       | (187.08)       | (281.71)       | (326.10)       |
| Profit after taxation                          | (382.21)       | 187.45         | 32.51          | 2.29           | 203.79         | 249.24         | 307.09         | 262.53         | 582.88         | 286.06         |
| Earning per share (Rs)                         | (4.88)         | 2.39           | 0.41           | 0.03           | 2.59           | 3.10           | 3.78           | 3.23           | 7.17           | 3.52           |
| Equity Dividend                                |                |                |                |                |                |                |                |                |                |                |
| -Rupees per share                              | -              | 0.50           | -              | -              | 1.20           | 1.50           | 1.50           | 1.50           | 1.50           | 1.50           |
| - Total payout                                 | -              | 39.16          | -              | -              | 95.57          | 121.61         | 121.74         | 121.80         | 121.82         | 121.84         |

## Premier Explosives Limited

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### NOTICE OF 29TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Ninth 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 Wednesday, the 30th September, 2009 at 11.00 A.M. to transact the following business.

#### AS ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2009, 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 2008-09.
3. To appoint a Director in place of Dr. V.V.Subba Reddy who retires by rotation and does not seek reappointment.
4. To appoint a Director in place of Mr. Anilkumar Mehta who retires by rotation and being eligible offers himself for reappointment.
5. To consider and, if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution:

"Resolved that M/s P.V.R.K.Nageswara Rao & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company in place of M/s M.R.Devineni & Co., Chartered Accountants to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company."

#### AS SPECIAL BUSINESS

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

"RESOLVED THAT Mr. K. Rama Rao, who was appointed as an Additional Director of the company and who, by virtue of Section 260 of the Companies Act, 1956 read with Article 127 of the Company's Articles of Association, ceases to hold office at this Annual General Meeting and in respect whom the company has received a notice from a shareholder under section 257 of the Companies Act, 1956 proposing his candidature for the office of a director under section 257 of the said Act, be and is hereby appointed as a director of the company liable to retire by rotation."

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

"RESOLVED THAT Dr. A.Venkataraman, who was appointed as an Additional Director of the company and who, by virtue of Section 260 of the Companies Act, 1956 read with Article 127 of the Company's Articles of Association, ceases to hold office at this Annual General Meeting and in respect whom the company has received a notice from a shareholder under section 257 of the Companies Act, 1956 proposing his candidature for the office of a director under section 257 of the said Act, be and is hereby appointed as a director of the company liable to retire by rotation."

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

"RESOLVED THAT Dr. N.V. Srinivasa Rao, who was appointed as an Additional Director of the company and who, by virtue of Section 260 of the Companies Act, 1956 read with Article 127 of the Company's Articles of Association, ceases to hold office at this Annual General Meeting and in respect whom the company has received a notice from a shareholder under section 257 of the Companies Act, 1956 proposing his candidature for the office of a director under section 257 of the said Act, be and is hereby appointed as a director of the company not liable to retire by rotation."

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

"RESOLVED THAT Mr.K.Chalil Director (Marketing), who is a whole time director of the company as per the provisions of the Sections 198,269,309,310,314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 attains age of 70 years by 18-09-2009 be and is hereby approved to continue as Whole time Director designated as Director (Marketing) of the company.

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 314 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, if any, the consent of the Company be and is accorded for appointment of Dr.N.V.Srinivasa Rao as Director (Production) and for payment of remuneration for a period of three years w.e.f 01.05.2009 on the terms and conditions as set out in the explanatory statement attached to the notice convening this Annual General Meeting.

By order of the Board  
For PREMIER EXPLOSIVES LIMITED,

**B. SOMASEKHARA RAO**  
Vice President (Finance) &  
Company Secretary

Place : Secunderabad  
Date : 29.06.2009

## Premier Explosives Limited

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such proxy need not be a member of the company. Proxies (in the annexed form) and power of attorneys, in order to be effective must be received at the registered office of the company not later than 11.00 A.M. on the 28.09.2009.
2. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to Special Business is annexed hereto.
3. The Register of Members and the Share transfer books of the company will remain closed from 19.09.2009 to 30.09.2009 (both days inclusive).
4. The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Register of Members of the company as on 30.09.2009.
5. The shares of the company are presently listed in Stock Exchange at Mumbai and the company has paid upto date listing fee to the said Stock Exchange.
6. Members are advised to avail nomination facility as per the amended provisions of the Companies Act, 1956, for which the nomination forms are available with the Registrars to the company.
7. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.

The shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended 31st March, 2003 or any subsequent dividend payment(s) are requested to make their claim to the Company Secretary, Premier Explosives Limited, 202 & 203, Minerva Complex, II Floor, S.D.Road, Secunderabad - 500 003.

8. Members holding shares in physical form are requested to inform immediately the change, if any, in their address to the Registrars M/s Sathguru Management Consultants Private Limited, Plot No.15, Hindinagar, Punjagutta, Hyderabad - 500034.
9. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
10. 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 the Registrar and share transfer agent in case the shares are held in physical form.
11. Brief resume of director retiring by rotation and seeking reappointment.  
  
Mr. Anilkumar Mehta is a practising Chartered Accountant. He has rich experience in auditing and other allied matters since 1973.
12. Brief resumes of directors proposed to be appointed vide Special Business item Nos 6,7, 8 and 10 of the Annual General Meeting Notice.

(i) **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, 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, Govt. 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.

(ii) **Dr. A. Venkataraman**

Dr. A. Venkataraman is a doctorate in Chemistry and is working as Professor in Gulbarga University. His main field 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 member of many professional and academic bodies.

(iii) **Dr. N.V. Srinivasa Rao** is a Doctorate in Chemistry with over 26 years of experience in field of explosives and accessories.



**ANNEXURE TO THE NOTICE**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

**Item No. 6**

Sri K. Rama Rao was appointed by the Board of Directors on 27.04.2009 as an Additional Director. The Company has received a notice from a shareholder proposing his candidature for the office of a director under Section 257 of the Companies Act, 1956.

None of the directors except Sri K.Rama Rao is interested in the resolution.

**Item No. 7**

Dr. A.Venkataraman was appointed by the Board of Directors on 27.04.2009 as an Additional Director. The Company has received a notice from a shareholder proposing his candidature for the office of a director under Section 257 of the Companies Act, 1956.

None of the directors except Dr. A.Venkataraman is interested in the resolution.

**Item No. 8 and 10**

Dr. N.V.Srinivasa Rao was appointed by board of directors on 27.04.2009 as an Additional Director. The Company has received a notice from a shareholder proposing his candidature for the office of a director under section 257 of the Companies Act, 1956.

The Board also, at the meeting held on 27.04.2009 appointed Dr. N.V.Srinivasa Rao as a whole-time Director designated as Director (Production) and approved remuneration for a period of 3 years with effect from 01.05.2009 on the following terms and conditions.

**1. Salary:**

Basic Rs. 65,000/- (Rupees Sixty five thousand only) per month with an annual increment of 10 - 20% rounded off to nearest Rs. 100 due on 1st April every year.

**2. Commission:**

In addition to the salary, commission not exceeding 0.5% of the net profit pro rata upto the date of service.

**3. Perquisites:**

**CATEGORY - A**

The Company will provide him the following in accordance with the rules of the company.

1. Unfurnished accommodation or House Rent Allowance at the rate of 30% of the salary in lieu of unfurnished accommodation.
2. Gas, electricity, water and soft furnishing subject to maximum of 10% of the salary.
3. Medical reimbursement: Medical expenses incurred on self and family subject to a ceiling of one month's salary per year.
4. Leave travel concession for self and family once in a year as per the company rules.
5. Club fees: Membership fee in any one club not being admission and life membership fee.
6. Personal accident insurance.

**CATEGORY - B**

1. Company's contribution towards provident fund as per the rules and regulations prescribed under Employees Provident Fund and Miscellaneous Provision Act, 1952.
2. Gratuity not exceeding half month's salary for each completed year of service.
3. Leave encashment at the end of tenure as per rules of the Company.

**CATEGORY - C**

He will be eligible for use of company's car and a telephone at residence. The use of car on company's business and telephone at residence will not be considered as perquisites. He shall be billed by the company for personal long distance calls on his residential telephone and personal use of car.

**4. Minimum Remuneration:**

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

**Item No. 9**

Mr. K. Chalil is a whole time director designated as Director (Marketing). He is a mining engineer with over 40 years of experience in mining & marketing of industrial explosives and has been responsible for marketing of products of the company for the past fifteen years. Under his leadership the turnover in explosive division has increased to Rs 62.20 crores.

He attains age of 70 years by 18-09-2009. The Board at its meeting held on 29.06.2009 approved Mr. K. Chalil to continue as Whole time Director designated as Director (Marketing) of the company. The resolution may be passed as special resolution.

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

By order of the Board  
For PREMIER EXPLOSIVES LIMITED

Place : Secunderabad  
Date : 29.06.2009

**B. SOMASEKHARA RAO**  
Vice President (Finance) &  
Company Secretary

# Premier Explosives Limited

## DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present the 29th annual report together with the audited accounts of the company for the year ended 31st March, 2009.

A brief summary of the results is given below:

### FINANCIAL PERFORMANCE:

|  | (Rs. in lacs) |          |
|--|---------------|----------|
|  | 2008-09       | 2007-08  |
| Gross sales & other income                             | 7812.20       | 6718.16  |
| Net sales & other income                               | 7077.37       | 6009.62  |
| Gross profit from operations                           | 1548.96       | 1058.55  |
| Less: Finance charges                                  | 279.04        | 276.21   |
| Depreciation   | 120.75        | 112.93   |
| Provision for doubtful advances                        | -             | 201.94   |
| Profit before tax and exceptional item                 | 1149.17       | 467.47   |
| Exceptional items:                                     |               |          |
| Add: Profit on sale of mushroom division               | -             | 397.12   |
| Less: Write-offs/provisions relating to joint ventures | 537.01        | -        |
| Net Profit including exceptional item before tax       | 612.16        | 864.59   |
| Less: Provision for taxation                           | 304.97        | 405.51   |
| Provision for deferred tax                             | 14.03         | (132.30) |
| Provision for fringe benefits tax                      | 7.10          | 8.50     |
|  | 326.10        | 281.71   |
| Profit after tax                                       | 286.06        | 582.88   |
| Add: Balance brought forward                           | 1063.70       | 688.35   |
| Profit available for appropriation                     | 1349.76       | 1271.23  |
| Appropriations:  |               |          |
| Dividend   | 121.84        | 121.82   |
| Dividend tax   | 20.71         | 20.70    |
| Transfer to General Reserve                            | 60.00         | 65.00    |
| Balance carried forward                                | 1147.21       | 1063.71  |

Your Company has recorded net revenue of Rs.7077.37 lacs for the year ended 31st March, 2009 compared to Rs. 6009.62 lacs in the previous year, increased by 17.77%. Your Company has recorded gross profit of Rs. 1548.96 lacs compared to Rs. 1058.55 lacs in the previous year, increased by 46.33%.

Your Company has provided Rs. 279.04 lacs as finance charges (previous year Rs. 276.21 lacs), depreciation of Rs 120.75 lacs (previous year Rs.112.93 lacs) and provision for doubtful advances of Rs Nil (previous year Rs 201.94 lacs).

The profit before tax and exceptional items was Rs 1149.17 lacs compared to Rs. 467.47 lacs during the previous year. PBT increased by 145.83%.

However, there were exceptional items, write offs/provisions relating to joint ventures of Rs. 537.01 lacs during the year with Rs. 612.16 lacs net profit before tax. During previous year there was profit on sale of mushroom division of Rs. 397.12 lacs and net profit before tax was Rs. 864.59 lacs.

## Premier Explosives Limited

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After providing current and deferred tax, profit during the year was Rs. 286.06 lacs compared to 582.88 lacs during previous year.

### Dividend

Your Directors are glad to recommend dividend at Rs 1.50 per share for the year ended 31st March, 2009 on the amount paid up.

### OPERATIONS:

#### Sales

The turnover of explosives and accessories during the year was Rs 6913.90 lacs as against Rs. 5894.45 lacs during the previous year, an increase of 17.3%

#### Services

The turnover from Operation and Maintenance contract at SHAR, Sriharikota during the year is Rs.786.95 lacs against Rs. 540.37 lacs during the previous year, which is 45.63% higher.

#### New products

As a result of strong R&D and technical efforts, your company has succeeded in developing some niche products like Pyrodevices, various solid propellant motors etc.

#### Collaborative Research

Your Company has also obtained and successfully completed collaborative research assignments from High Energy Materials Laboratory, Pune. Further, Electronic Corporation of India Ltd., Hyderabad had also awarded a collaborative research assignment which is progressing satisfactorily.

#### Backward integration

Your company promoted Premier Wire Products Limited for backward integration for manufacturing G.I.Wire, which is used in detonators production. The annual capacity of the unit is 1400 MT. The company commenced commercial production on 12.02.2009 and has achieved 60% production capacity during May 2009. The quality of its product has been accepted by almost all users.

#### Expansion in Bulk Explosives

Your Company has successfully established a Silo at Godavarikhani to cater to the requirements of local customers. The unit is working at its capacity and making good contribution to the profitability.

Your Company is also establishing a new unit at Neyveli, Tamil Nadu with a capacity of 3000 Tonnes per year. The unit is expected to start production by July, 2009.

#### Exports

Your company exported explosives and accessories valued at Rs. 382.07 lacs during the year compared to Rs 346.73 lacs during the previous year.

#### Joint Ventures

Due to the economic crisis, explosives business in joint ventures abroad is badly effected. The steep drop in selling prices has made the operations uneconomical.

### AWARDS & HONOURS:

Your directors are glad to inform that Gulbarga University has recognized your company's R & D lab at Peddakandukur as research center.

## Premier Explosives Limited

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### FUTURE PROSPECTS:

#### New Industrial licences

- We are pleased to inform that Ministry of Commerce & Industry, Government of India has issued Industrial Licence under IDR Act,1951 to your company for manufacture of the following new articles at Peddakandukur Village, Nalgonda district, A.P.

| Item of manufacture | Annual Capacity |
|---------------------|-----------------|
| Propellants         | 1000 Tonnes     |
| Pyros               | 2000000 numbers |
| HNS,HNF and CL - 20 | 10 Tonnes each  |

- Your company has also received licence for manufacture of Site Mixed Explosives at Neyveli, Tamilnadu and Siddhi, Madhya Pradesh at an annual capacity of 3000 tonnes and 17000 tonnes respectively.

#### Market

Your company enjoys good support from domestic and export market and it has established brand equity. As there are entry barriers for new players (requiring licenses to set up / expand units), your company foresees good growth in defense and space areas in future.

The new units located at Godavarikhani and Neyveli and Wire unit will add substantially to the profitability of your Company.

### CORPORATE GOVERNANCE:

Pursuant to clause 49 of the listing agreement with the stock exchanges, the company has implemented the code of corporate governance. The reports on corporate governance and management discussion and analysis together with auditor's certificate on the same are attached to this report.

### DIRECTORS:

Mr. Anilkumar Mehta will retire by rotation and being eligible, offers himself for reappointment.

Dr. V.V.Subba Reddy will retire by rotation and does not seek reappointment.

Mr. K. Rama Rao, Dr. A.Venkataraman and Dr. N.V.Srinivasa Rao were inducted as additional directors on 27.04.2009 and are proposed for appointment as Directors at the ensuing Annual General Meeting.

### AUDITORS:

M/s. M. R. Devineni & Company, Chartered Accountants, Hyderabad have expressed their inability to continue as Auditors of the company after the ensuing Annual General Meeting. M/s P.V.R.K.Nageswara Rao & Co., Chartered Accountants, Hyderabad are proposed to be appointed as Auditors of the company.

### AUDITOR'S REPORT:

Auditors have made observations in their report pertaining to note Nos. 7B and 19 of Notes to Accounts (Schedule 25). These notes are self explanatory.

### DEPOSITS:

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

**DUES TO FINANCIAL INSTITUTIONS:**

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

**STATUTORY INFORMATION:**

Information pursuant to Section 217(I)(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 to this report.

**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 an annexure to this report.

**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, 2009 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.

**INDUSTRIAL RELATIONS:**

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

**ACKNOWLEDGEMENT:**

Your directors place on record their appreciation of the continued support and cooperation from financial institutions, banks, regulatory authorities and esteemed customers.

FOR AND ON BEHALF OF  
THE BOARD OF DIRECTORS.

Place : Secunderabad  
Date : 29.06.2009

A.N. GUPTA  
Chairman & Managing Director

## Premier Explosives Limited

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### ANNEXURE TO 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 Explosives Industry

B) Technology absorption (Form 'B')

Research and Development (R & D)

1. Specific areas in which R & D carried out by the company : Development of specialised defence products
2. Benefits derived as a result of above R & D. : Commercialising the indigenously developed products
3. Future plan of action : To continuously improve existing products and develop cost effective processes

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For the period  
01.04.2008 to 31.03.2009  
(Rs. in lacs)

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4. Expenditure on R & D :

|  |       |
|--|-------|
| a) Capital :   | 4.13  |
| b) Recurring:  | 51.97 |
| c) Total   | 56.10 |
| d) Total R & D expenditure as a percentage of total turnover | 0.80% |

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5. Technology absorption, adaptation and innovation:

- a) Efforts : New products were developed.
- b) Benefits : Successfully started commercial production of new products.
- c) Particulars of imported technology in the last five years: -NIL

C) Foreign exchange earnings and outgo:

1. Foreign exchange earnings  
FOB value of exports : Rs. 382.07 lacs
2. Foreign exchange outgo : Rs. 284.79 lacs

**ANNEXURE**

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 Director's Report for the year ended 31st March, 2009.

**EMPLOYED FOR THE FULL YEAR**

| Sl. No. | Name           | Designation/<br>Nature of<br>Duties | Gross<br>Remune-<br>ration<br>(Rupees) | Qua-<br>lifica-<br>tions | Age<br>(Years) | Total<br>expe-<br>rience<br>(years) | Date of<br>commen-<br>cement of<br>employment | Last<br>employment<br>and<br>designation |
|---------|----------------|-------------------------------------|--|--------------------------|----------------|-------------------------------------|---|--|
| 1.      | Mr. A.N. Gupta | Chairman &<br>Managing<br>Director  | 40,79,321                              | M.Sc.<br>(Mining)        | 64             | 42                                  | 14.02.1980                                    | I.E.L. Limited,<br>Area Sales<br>Manager |

- Note : 1. His employment is contractual  
2. Dr. (Mrs.) Kailash Gupta, Director is wife of Mr. AN. Gupta, Chairman & Managing Director  
3. Gross remuneration includes salary, commission, leave travel allowance, contribution to provident fund, medical expenses and rent free accommodation.

**CERTIFICATE**

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, 2009, 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, 2009 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 M R DEVINENI & CO.,  
Chartered Accountants

Place : HYDERABAD  
Date : 29.06.2009

P V R K NAGESWARA RAO  
Partner



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on code of Corporate Governance:

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

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

### 2. Board of Directors

- i. The Company has an executive chairman. The number of Non-Executive Directors (NEDs) at 62.50 % is more than 50% of the total number of directors and is in conformity with Clause 49 of the Listing Agreement.
- ii. 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 is a director. Necessary disclosures regarding committee positions in other public companies as at March 31, 2009 have been made by the directors.
- iii. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other companies is given below.

| Category                                   | Name of the Directors   |
|--|---|
| I. Executive Directors                     |   |
| a) Promoters                               | Mr. A. N. Gupta   |
| b) Non-promoters                           | Mr. T V Chowdary<br>Mr. K Chalil  |
| II. Non - executive directors              | Dr. (Mrs.) Kailash Gupta  |
| III. Non - executive independent directors | Dr. V. V. Subba Reddy<br>Mr. Anil Kumar Mehta<br>Dr. Haridwar Singh<br>Mr. P R Tripathi |

| Name of the Director     | Number of Board Meetings held during his tenure | Number of Board Meetings attended | Attendance in the last AGM held on 29.09.2008 |
|--------------------------|---|-----------------------------------|---|
| Mr. A. N. Gupta          | 5   | 5                                 | Yes   |
| Dr. (Mrs.) Kailash Gupta | 5   | 4                                 | Yes   |
| Dr. V. V. Subba Reddy    | 5   | 5                                 | Yes   |
| Mr. Anilkumar Mehta      | 5   | 5                                 | Yes   |
| Dr. Haridwar Singh       | 5   | 4                                 | Yes   |
| Mr. K Chalil             | 5   | 4                                 | Yes   |
| Mr. T V Chowdary         | 5   | 4                                 | Yes   |
| Mr. P R Tripathi         | 5   | 5                                 | Yes   |

Number of other directorships, board committees he is a member or chairperson of:

| Name of the Director     | Board of directors |          | Board Committees |          |
|--------------------------|--------------------|----------|------------------|----------|
|                          | Director           | Chairman | Member           | Chairman |
| Mr. A. N. Gupta          | 3                  | 1        | None             | None     |
| Dr. (Mrs.) Kailash Gupta | 1                  | -        | None             | None     |
| Dr. V. V. Subba Reddy    | 7                  | 1        | None             | None     |
| Mr. Anilkumar Mehta      | -                  | -        | None             | None     |
| Dr. Haridwar Singh       | 2                  | -        | None             | None     |
| Mr. P R Tripathi         | 7                  | 2        | 8                | None     |
| Mr. K Chalil             | 2                  | -        | None             | None     |
| Mr. T V Chowdary         | 4                  | -        | None             | None     |

- iv. Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The board meetings were held on 26.05.2008, 31.07.2008, 29.09.2008, 30.10.2008 and 31.01.2009.
- v. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the company.

**Reappointment of directors at the 29th AGM :**

Dr. V.V. Subba Reddy is liable to retire by rotation at the ensuing Annual General Meeting and does not seek reappointment

Mr. Anilkumar Mehta is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Profile of Director(s) being appointed/re-appointed at the ensuing AGM:

**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, 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 form NRDC, Govt. 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.

**Dr. A.Venkataraman**

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

## Premier Explosives Limited

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**Dr. N.V.Srinivasa Rao**

Dr. N.V.Srinivasa Rao is a Doctorate in Chemistry with over 26 years of experience in the field of explosives and accessories.

**Mr. Anilkumar Mehta**

Mr. Anilkumar Mehta is a practising Chartered Accountant. He has rich experience in auditing and other allied matters since 1973.

### Code of Conduct:

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

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

### 3. Audit Committee

The members of the Audit Committee of directors are:

|                     |   |                                     |
|---------------------|---|-------------------------------------|
| Dr. V V Subba Reddy | – | Non-executive, Independent director |
| Sri Anilkumar Mehta | – | Non-executive, Independent director |
| Dr. Haridwar Singh  | – | Non-executive, Independent director |
| Sri P R Tripathi    | – | Non-executive, Independent director |

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- b) The previous annual general meeting of the company was held on 29th September 2008 and it was attended by Dr. V V Subba Reddy, the Chairman of the Audit Committee.
- c) The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement as amended from time to time and / or any other powers, duties and obligations. The said Committee submits its report, recommendations etc., to the Board of Directors on all matters.
- d) The role of Audit Committee shall include-
  1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory Auditors and fixation of audit fees.
  3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  4. Reviewing with the management, the annual financial statements, before submission to the Board for approval, with particular reference to:

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Change, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
  6. Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems.
  7. Reviewing the adequacy of internal control function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up thereon.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
  11. To look into reasons for substantial defaults in the payments to the depositors, debentureholders, shareholders and creditors.
  12. To review the functioning of the Whistle Blower mechanism.
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- e) The Audit Committee reviews the following information:
1. Management discussion and analysis of financial condition and results of operation;
  2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. Management letters/ letters of internal control weaknesses issued by statutory auditors;
  4. Internal audit report relating to internal control weaknesses;

## Premier Explosives Limited

5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee,
  6. Details of investments of surplus funds;
  7. Legal compliance report and
  8. Any other information or report requested by the Audit Committee from time to time.
- f) The Audit Committee met four times during the year on 26.05.2008, 31.07.2008, 30.10.2008 and 31.01.2009. The necessary quorum was present at all the meetings and the details are given below:

| Name                            | Category                            | No of Meetings during the year 2008-09 |          |
|---------------------------------|-------------------------------------|--|----------|
|                                 |                                     | Held                                   | Attended |
| Dr. V. V. Subba Reddy, Chairman | Non-executive, Independent director | 4                                      | 4        |
| Mr. Anilkumar Mehta             | - do -                              | 4                                      | 4        |
| Dr. Haridwar Singh              | - do -                              | 4                                      | 3        |
| Sri P R Tripathi                | - do -                              | 4                                      | 4        |

#### 4. Remuneration Committee

The members of the Remuneration Committee are:

|                     |   |                                     |
|---------------------|---|-------------------------------------|
| Dr. V V Subba Reddy | - | Non-executive, Independent director |
| Sri Anilkumar Mehta | - | Non-executive, Independent director |
| Sri P R Tripathi    | - | Non-executive, Independent director |

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.

The Remuneration Committee met once on 31.07.2008 during the year for revision in remuneration of Mr. A.N. Gupta, Chairman and managing Director with effect from 01.08.2008.

Details of remuneration to all the Directors :

##### a) Executive Directors :

| Name of the Director | Salary and Other Benefits | Commission | Total     |
|----------------------|---------------------------|------------|-----------|
|                      | Rs.                       | Rs.        | Rs.       |
| Mr. A. N. Gupta      | 34,53,471                 | 6,25,850   | 40,79,321 |
| Mr. T V Chowdary     | 15,48,889                 | 3,12,925   | 18,61,814 |
| Mr. K Chalil         | 13,80,177                 | 3,12,925   | 16,93,102 |

b) **Non-executive Directors:**

| Name of the Director     | Sitting Fee   |                       | Total    |
|--------------------------|---------------|-----------------------|----------|
|                          | As a Director | As a committee member |          |
|                          | Rs.           | Rs.                   | Rs.      |
| Dr. (Mrs.) Kailash Gupta | 35,000/-      | -                     | 35,000/- |
| Mr. Anil Kumar Mehta     | 40,000/-      | 17,500/-              | 57,500/- |
| Dr. Haridwar Singh       | 35,000/-      | 12,500/-              | 47,500/- |
| Mr. P R Tripathi         | 40,000/-      | 17,500/-              | 57,500/- |

5. **Shareholders / Investors Grievance Committee**

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

Mr. B. Somasekhara Rao, Vice President (Finance) & Company Secretary is the compliance officer.

The Board of Directors entrusted, inter alia, the following powers and responsibilities to the committee:

1. To approve and register transfer, transmission, issue of duplicate shares, to approve the demat requests and remat requests;
2. To attend to Shareholder's grievances and redress the complaints of shareholders and the complaints received from other authorities.

During the year under review, company received a total of 6 shareholders complaints. All were redressed to the satisfaction of the shareholders and no complaints were outstanding as on 31st March, 2009

**Subsidiaries:**

During the year, the Board took on record the minutes of the meetings of the Board of Directors of the subsidiary company i.e., Premier Wire Products Limited. The subsidiary company does not fall under the term "material non listed Indian subsidiary" as defined under clause 49 of the Listing Agreement.

The Audit Committee is reviewing the financial statements of subsidiary company.

**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.

## Premier Explosives Limited

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### 6. General Body Meetings

The details of last three Annual General Meetings is given below:

| Year      | Type of meeting | Venue  | Date       | Time      |
|-----------|-----------------|--|------------|-----------|
| 2005-2006 | AGM             | Rajaji Sabhagriha, Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, King Koti Road, Hyderabad - 500 029                          | 29.09.2006 | 11.00 A.M |
| 2006-2007 | AGM             | Federation of Andhra Pradesh Chamber of Commerce & Industry, Surana Udyog Auditorium, 11-6-841, Red Hills, Hyderabad - 500 029 | 28.09.2007 | 11.00 A.M |
| 2007-2008 | AGM             | - do -   | 29.09.2008 | 11.00 A.M |

#### Postal Ballot :

During the year no business was transacted through Postal Ballot.

#### Compliance:

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

#### 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.

#### Risk Management:

The company has established a robust risk assessment and minimisation procedure. This is reviewed regularly by the board of directors. However, 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.

### 7. Disclosures

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

During the year ended 31.03.2009 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 Sl.No. 15 (II) of Notes to Accounts.

b) Transactions with Non-executive Directors:

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

c) Details of non-compliance by the company:

There were neither instances of non-compliance by the company nor penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

8. Means of communication

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

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

**Special Resolutions in Last 3 AGMs**

In Financial Year 2005-06, 4 Special Resolutions were passed in the Annual General Meeting

In Financial Year 2006-07, 2 Special Resolutions were passed in the Annual General Meeting.

In Financial Year 2007-08, 3 Special Resolutions were passed in the Annual General Meeting.

9. General shareholder information

- a) AGM : 29th Annual General Meeting  
Day and date : Wednesday, 30.09.2009  
Time : 11:00 A.M.  
Venue : Federation of Andhra Pradesh Chambers of  
Commerce & Industry,  
Surana Udyog Auditorium,  
11-6-841, Red Hills,  
Hyderabad - 500 004.
- b) Financial calendar : Tentative schedule is as under.
- i) Un-audited Financial Results
1. First quarter (30.06.2009) : Last week of July, 2009
2. Half yearly (30.09.2009) : Last week of October, 2009
3. Third quarter (31.12.2009) : Last week of January, 2010
- ii) Audited Financial Results
- Fourth quarter (31.03.2010) : Last week of June, 2010
- c) Date of book closure
- Physical mode and Electronic Mode : 19.09.2009 to 30.09.2009
- d) Expected date of dispatch of Dividend Warrants : 15.10.2009 to 25.10.2009



## Premier Explosives Limited

e) Listing on Stock exchanges :

| Name of the Stock Exchange    | Stock Code |
|-------------------------------|------------|
| Bombay Stock Exchange Limited | 526247     |

Listing fee for the year 2009 - 2010 has been paid to the Bombay Stock Exchange Limited.

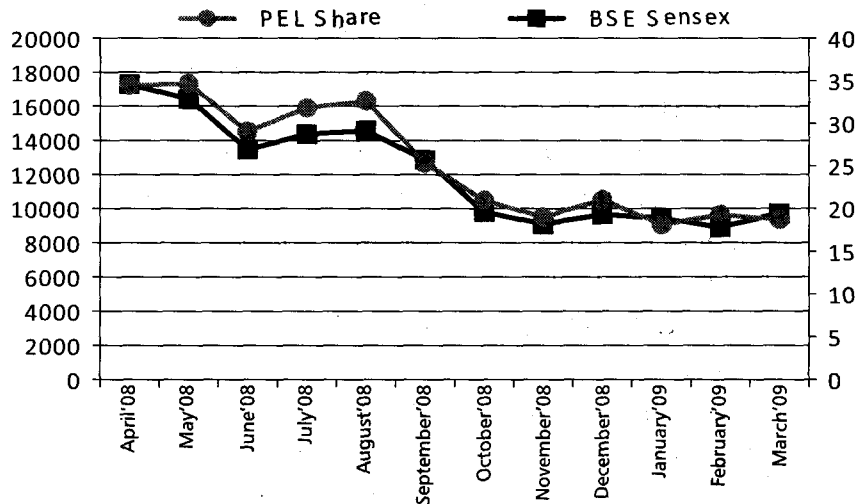
f) Registrar and Share Transfer Agents:

Sathguru Management Consultants Private Limited  
Plot No.15, Hindi Nagar,  
Panjagutta, Hyderabad - 500 034.

g) Market Price data - High/Low during each month of the year 2008 - 2009

| Month          | High (Rs. Ps) | Low (Rs. Ps) |
|----------------|---------------|--------------|
| April 2008     | 35.95         | 28.50        |
| May 2008       | 39.95         | 31.60        |
| June 2008      | 37.50         | 28.45        |
| July 2008      | 37.00         | 27.00        |
| August 2008    | 36.00         | 31.00        |
| September 2008 | 35.20         | 23.50        |
| October 2008   | 28.10         | 18.40        |
| November 2008  | 25.00         | 17.60        |
| December 2008  | 25.00         | 17.40        |
| January 2009   | 24.00         | 17.00        |
| February 2009  | 21.35         | 16.65        |
| March 2009     | 21.70         | 14.70        |

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



i) **Share Transfer system :**

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

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

j) **Distribution of shareholding as on 31.03.2009**

| No. of shares |         | No. of shareholders |               | Shareholding   |               |
|---------------|---------|---------------------|---------------|----------------|---------------|
| From          | To      | Nos.                | % to Total    | Nos.           | % to Total    |
| 1             | - 500   | 7489                | 86.48         | 1198198        | 14.74         |
| 501           | - 3000  | 982                 | 11.34         | 1158768        | 14.26         |
| 3001          | - 5000  | 72                  | 0.83          | 297731         | 3.66          |
| 5001          | - 10000 | 57                  | 0.66          | 416177         | 5.12          |
| 10001         | - Above | 60                  | 0.69          | 5056701        | 62.22         |
| <b>Total</b>  |         | <b>8660</b>         | <b>100.00</b> | <b>8127575</b> | <b>100.00</b> |

k) **Categories of shareholders as on 31.03.2009:**

| Category                               | No. of Shares  | Percentage |
|--|----------------|------------|
| Promoters Holdings                     | 3112265        | 38.29      |
| Mutual Funds                           | 1200           | 0.01       |
| Banks, Financial Institutions & others | 32100          | 0.40       |
| Corporate Bodies                       | 486761         | 5.99       |
| Indian Public                          | 4002544        | 49.25      |
| NRI's/OCB's                            | 492705         | 6.06       |
| Others                                 | -              | -          |
| <b>Total</b>                           | <b>8127575</b> | <b>100</b> |

l) **Dematerialisation of shares :**

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

7817281 equity shares representing 96.18 % of the company's share capital have been dematerialized as on 31.03.2009.

## Premier Explosives Limited

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m) Plant Locations :

**DETONATORS DIVISION**

(Detonators, DF & SPD)  
Peddakandukur - 508 286  
Yadagirigutta Mandal  
District Nalgonda (A.P.)

**BULK EXPLOSIVES DIVISION**

(a) Chandrapur Division

C-16, M.I.D.C  
Chugus Road  
Chandrapur (Maharashtra)

(b) Manuguru Division

Manuguru  
District: Khammam  
Andhra Pradesh  
PIN - 507 117

(c) Singrauli Division

Plot No.42, Industrial Area,  
Udyog Deep, Waidhan  
District: Sidhi (M.P.)

(d) Godavarikhani Division

Village:Godavarikhani  
Karimnagar District  
Andhra Pradesh

n) Address for Correspondence

: PREMIER EXPLOSIVES LIMITED  
202 & 203, II Floor, Minerva Complex,  
S. D. Road, Secunderabad - 500 003. (A.P.)

The above report has been approved by the Board of Directors in their meeting held on 29.06.2009

## CEO AND CFO CERTIFICATION

We, A.N.Gupta, Chairman and Managing Director and B.Somasekhara Rao, Vice President (Finance) and Company Secretary responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2009 and to the best our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) 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.
- b) To the best our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2009 are fraudulent, illegal or violative of the Company's code of conduct.
- c) 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.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

A.N. GUPTA  
Chairman and Managing Director

B. SOMASEKHARA RAO  
Vice President (Finance) and  
Company Secretary

Place : Secunderabad  
Date : 29.06.2009

**MANAGEMENT DISCUSSION AND ANALYSIS**

**1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

Your Company is manufacturing and marketing its products to core sectors viz, energy, mining and infrastructural development. As the country is on development path, the commercial explosives market is growing at about 10% YOY.

Your Company's turnover has grown at 19.67% YOY, which is better than growth in the industry.

The international recession, has not effected the domestic explosives market.

Your company is also supplying specialized propellants for the Defence of our esteemed country as a result of privatisation policy. Your company is also providing operation & maintenance support to Department of Space.

The defence and space sectors are growing rapidly and we are trying to expand our activities in these areas.

**2. OPPORTUNITIES**

**Commercial explosives**

Your Company enjoys good support from domestic and export market as it has established brand equity. Larger and repeat orders are being received.

New order from Neyveli Lignite Corporation Ltd., has been received and a new manufacturing unit is being setup.

**Defence/Space**

Your company foresees good growth in defence and space areas as privatization is being promoted as per Government policy.

**Backward integration**

Detonator manufacturers are located in central and south India. The present supplier of Detonator wire is located in North. To take advantage of local market and to cater to our own demand an unit has been set up. This will also increase production of the detonators by removing bottleneck in supply of critical raw materials.

**3. THREATS, RISKS AND CONCERNS:**

Increasing competition in the commercial explosives in India is a factor of concern. Your company is trying to give higher priority to development of niche products for defence and space.

Due to economic crisis, explosives business in joint ventures abroad is badly effected. The steep drop in selling prices has made operations uneconomical. Your company is taking up closure / disposal of these units.

**4. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

The company's business mainly comprises of only one segment.

**5. OUTLOOK**

As share of defence products turnover is increasing and market prices in domestic explosives division are firming up, future of the Company can be expected to be better.

The growing service sector will also provide fillip to the earnings.

**6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The company has adequate internal control systems commensurate with the size and nature of its business. Further, it is supplemented by independent internal audit. The Audit Committee in every meeting interacts with the statutory and internal auditors.

The management regularly reviews the compliance with laws and observations made by Auditors so as to ensure optimum utilization of resources and achieve better efficiencies.

**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.

The company has achieved an operating profit of Rs. 1149.17 lacs during the current year which is 145.83% higher compared to the previous year. Further, turnover of Rs. 7077.37 lacs is also 17.77% higher than the previous year.

Both parameters indicate improved performance during the year.

**8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

The company has a strong and dedicated workforce of 1074 Nos. The relations between the management and the workforce are cordial. The employees are imparted training through training programs by professionals and also at site. They are also encouraged to participate in the decision making process through Six Sigma philosophy.

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

**9. CAUTIONARY STATEMENT**

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.

A.N. GUPTA  
Chairman and Managing Director

Place : Secunderabad

Date : 29.06.2009

AUDIT REPORT

To  
The Members of  
PREMIER EXPLOSIVES LIMITED

1. We have audited the attached Balance Sheet of PREMIER EXPLOSIVES LIMITED as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of these books.
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 to the extent applicable except in respect of the following:

**We draw the attention of the members to note 19 of Notes to Accounts vide Schedule 25 regarding non disclosure of Company's share of Assets, Liabilities, Income and Expenses in the Joint ventures in view of non availability of audited/unaudited accounts of Joint ventures.**
  - v) On the basis of the written representations received from the directors, as on 31.03.2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 st March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi) We invite the attention of the members to Note 7(B) of Notes to Accounts vide Schedule 25 about the recoverability of advances to Joint Ventures at Georgia and Turkey amounting to Rs.7,00,33,973/- in respect of which we are unable to express an opinion.

Subject to the foregoing, 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, 2009;
- 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 M R DEVINENI & CO.,  
Chartered Accountants

Place : HYDERABAD  
Date : 29.06.2009

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 2009**

- 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 has granted unsecured loans of Rs. 8,00,33,973/- to three parties listed in the register maintained under section 301 of the Companies Act, 1956. The Company has also given a rent deposit of Rs.47,49,667/- to a company listed in the register maintained under section 301 of the Companies Act, 1956.



## Premier Explosives Limited

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- (b) In our opinion the terms and conditions of unsecured loans given to parties listed in the Register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.
  - (c) The company is regular in receipt of principal amounts as stipulated and restipulated.
  - (d) The Company has taken unsecured loans of Rs.1,99,44,000/- from six parties listed in the register maintained under section 301 of the Companies Act, 1956 and unsecured loans of Rs.47,97,000/- have been repaid during the year to five parties.
  - (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. In respect of this Company maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
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 31.3.2009 which are outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and as per the information and explanations given to us, there are no dues of Customs Duty, Income Tax, Wealth Tax, Service Tax,

Excise Duty and Cess which has not been deposited on account of dispute as on 31.3.2009, except Central Sales Tax, the details of which are as given below:

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

- 10 As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.
- 11 During the year the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.
- 12 As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
- 13 In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for this year.
- 14 According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 15 In our opinion, the terms and conditions on which the company has given guarantees for the loans taken by others from banks or financial institutions are not prejudicial to the interests of the Company.
- 16 According to records of the Company the term loans raised during the year have been applied for the purposes for which they were raised.
- 17 As per the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement 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 M R DEVINENI & CO.,  
Chartered Accountants

Place : HYDERABAD  
Date : 29.06.2009

P V R K NAGESWARA RAO  
Partner  
Membership No. 18840

# Premier Explosives Limited

## BALANCE SHEET AS AT 31ST MARCH, 2009

|  | Schedule No. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|--------------|----------------------------|----------------------------|
| <b>I SOURCES OF FUNDS :</b>                        |              |                            |                            |
| Share holders' funds:                              |              |                            |                            |
| Share capital                                      | 1            | 8,12,27,264                | 8,12,15,392                |
| Reserves and surplus                               | 2            | 15,96,32,144               | 14,53,85,935               |
|  |              | 24,08,59,408               | 22,66,01,327               |
| Loan funds:  |              |                            |                            |
| Secured loans                                      | 3            | 6,27,41,945                | 16,16,42,514               |
| Unsecured loans                                    | 4            | 3,03,46,988                | 3,50,46,987                |
|  |              | 9,30,88,933                | 19,66,89,501               |
| Deferred tax liability (net)                       | 5            | 2,92,65,662                | 2,78,62,393                |
|  |              | 36,32,14,003               | 45,11,53,221               |
| <b>II APPLICATION OF FUNDS:</b>                    |              |                            |                            |
| Fixed assets:                                      |              |                            |                            |
| Gross block  | 6            | 29,78,47,527               | 27,94,53,311               |
| Less: Depreciation                                 |              | 9,44,15,722                | 8,24,64,380                |
| Net block  |              | 20,34,31,805               | 19,69,88,931               |
| Capital work-in-progress                           |              | -                          | 13,51,383                  |
|  |              | 20,34,31,805               | 19,83,40,314               |
| Investments  | 7            | 1,03,16,028                | 68,49,574                  |
| Net current assets:                                |              |                            |                            |
| Current assets, loans and advances :               |              |                            |                            |
| Interest accrued on fixed Deposits and investments |              | 6,29,154                   | 5,68,715                   |
| Inventories  | 8            | 7,33,76,086                | 7,17,72,594                |
| Sundry debtors                                     | 9            | 9,32,61,353                | 17,71,01,074               |
| Cash and bank balances                             | 10           | 2,18,45,168                | 2,01,19,024                |
| Loans and advances                                 | 11           | 12,46,59,145               | 13,09,79,015               |
|  |              | 31,37,70,906               | 40,05,40,422               |
| Less: Current liabilities and provisions           |              |                            |                            |
| Current liabilities                                | 12           | 13,34,81,940               | 11,22,39,904               |
| Provisions   | 13           | 3,08,22,796                | 4,23,37,185                |
|  |              | 16,43,04,736               | 15,45,77,089               |
| Net current assets                                 |              | 14,94,66,170               | 24,59,63,333               |
|  |              | 36,32,14,003               | 45,11,53,221               |
| Notes to accounts                                  | 25           |                            |                            |
| Significant Accounting Policies                    | 26           |                            |                            |

Per our report of even date  
for M.R. DEVINENI & CO.,  
Chartered Accountants

A.N. GUPTA  
Chairman & Managing Director

T.V. CHOWDARY  
Executive Director

P.V.R.K. NAGESWARA RAO

Partner

Date : 29.06.2009

Place : Secunderabad.

B. SOMASEKHARA RAO

Vice President (Finance) and  
Company Secretary

**Premier Explosives Limited**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

|   | Sche-<br>dule<br>No. | For the year ended<br>31st March, 2009 |                     | For the year ended<br>31st March, 2008 |                     |
|---|----------------------|--|---------------------|--|---------------------|
|   |                      | Rs.                                    | Rs.                 | Rs.                                    | Rs.                 |
| <b>I INCOME :</b>   |                      |  |                     |  |                     |
| Gross sales   | 14                   |  | 77,00,84,737        |  | 64,34,81,690        |
| Less: Excise Duty   |                      |  | 7,34,82,257         |  | 7,08,53,707         |
| Net sales   |                      |  | <u>69,66,02,480</u> |  | <u>57,26,27,983</u> |
| Other income  | 15                   |  | 1,11,34,915         |  | 2,83,34,181         |
|   |                      |  | <u>70,77,37,395</u> |  | <u>60,09,62,164</u> |
| <b>II EXPENDITURE :</b>   |                      |  |                     |  |                     |
| Materials consumed  | 16                   |  | 31,83,00,536        |  | 25,13,77,119        |
| Packing material consumed   |                      |  | 94,07,573           |  | 1,11,20,981         |
| Manufacturing expenses  | 17                   |  | 2,20,32,761         |  | 1,90,12,134         |
| Expenses on employees   | 18                   |  | 13,03,70,595        |  | 11,69,77,209        |
| Research and development expenses   | 19                   |  | 51,96,093           |  | 37,97,089           |
| Other expenses  | 20                   |  | 6,44,54,499         |  | 7,77,53,721         |
| Selling expenses  | 21                   |  | 71,19,529           |  | 63,50,011           |
| Finance charges   | 22                   |  | 2,79,03,808         |  | 2,76,21,480         |
| (Increase)/Decrease in stocks   | 23                   |  | (40,39,764)         |  | 2,89,12,365         |
| Depreciation(Net)/Amortisation  |                      | 1,21,79,451                            |                     | 1,13,97,749                            |                     |
| Less: Transferred from revaluation reserve  |                      | <u>1,04,743</u>                        |                     | <u>1,04,743</u>                        |                     |
|   |                      |  | <u>1,20,74,708</u>  |  | <u>1,12,93,006</u>  |
|   |                      |  | <u>59,28,20,338</u> |  | <u>55,42,15,115</u> |
| <b>III NET PROFIT: Profit from continuing operations before tax and exceptional items</b> |                      |  | 11,49,17,057        |  | 4,67,47,049         |
| Exceptional items:  |                      |  |                     |  |                     |
| Add: Profit from sale of mushroom division  |                      |  | -                   |  | 3,97,12,178         |
| Less: Write offs/Provisions relating to joint ventures                                    | 24                   |  | 5,37,01,176         |  | -                   |
| (Refer note no.7 (A) of schedule 25)  |                      |  |                     |  |                     |
| Net profit after exceptional items and before tax   |                      |  | 6,12,15,881         |  | 8,64,59,227         |
| Less: Income Tax Expense:   |                      |  |                     |  |                     |
| Current tax - Continuing operations   |                      | 3,03,00,000                            |                     | 2,30,00,000                            |                     |
| - Discontinuing operations  |                      | -                                      |                     | 1,75,00,000                            |                     |
| Deferred tax  |                      | 14,03,269                              |                     | (1,32,29,735)                          |                     |
| Income tax adjustments  |                      | <u>1,96,884</u>                        |                     | <u>51,288</u>                          |                     |
|   |                      |  | <u>3,19,00,153</u>  |  | <u>2,73,21,553</u>  |
| Fringe benefits tax   |                      |  | 3,26,10,153         |  | 2,81,71,553         |
| <b>NET PROFIT AFTER TAX</b>   |                      |  | <u>2,86,05,728</u>  |  | <u>5,82,87,674</u>  |
| Add: Profit brought forward from last year  |                      |  | 10,63,70,377        |  | 6,88,35,395         |
| Amount available for appropriation  |                      |  | <u>13,49,76,105</u> |  | <u>12,71,23,069</u> |
| Transfer to:  |                      |  |                     |  |                     |
| Proposed dividend   |                      | 1,21,84,090                            |                     | 1,21,82,309                            |                     |
| Provision for corporate dividend tax  |                      | 20,70,686                              |                     | 20,70,383                              |                     |
| General reserve   |                      | <u>60,00,000</u>                       |                     | <u>65,00,000</u>                       |                     |
|   |                      |  | <u>2,02,54,776</u>  |  | <u>2,07,52,692</u>  |
| Balance of profit carried forward   |                      |  | <u>11,47,21,329</u> |  | <u>10,63,70,377</u> |
| Earnings per share (Basic/diluted)  |                      |  | 3.52                |  | 7.17                |
| (Nominal value:Rs.10/- per share)   |                      |  |                     |  |                     |
| Notes to accounts   | 25                   |  |                     |  |                     |
| Significant accounting policies   | 26                   |  |                     |  |                     |

Per our report of even date  
for M.R.DEVINENI & CO.,  
Chartered Accountants

**A.N. GUPTA**  
Chairman & Managing Director

**T.V. CHOWDARY**  
Executive Director

**P.V.R.K. NAGESWARA RAO**  
Partner

**B. SOMASEKHARA RAO**  
Vice President (Finance) and  
Company Secretary

Date : 29.06.2009  
Place : Secunderabad.

## Premier Explosives Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

|  | 2008-2009     | 2007-2008      |
|--|---------------|----------------|
|  | Rs.           | Rs.            |
| NET PROFIT AFTER EXCEPTIONAL ITEM AND BEFORE TAX   | 6,12,15,881   | 8,64,59,227    |
| Adjustments for:   |               |                |
| Add:   |               |                |
| Depreciation   | 1,20,74,708   | 1,12,93,006    |
| Loss on sale of assets (net)   | 1,57,395      | 38,517         |
| (Profit) from sale of mushroom division (net)  | -             | (3,97,12,178)  |
| Provision for doubtful advances no longer required   | (2,54,94,036) | -              |
| Provision for doubtful interest receivable   | 1,60,70,707   | 2,01,94,036    |
| Interest expense   | 2,08,51,284   | 2,28,74,936    |
| Provision for diminution in book value of investments  | 27,81,546     | -              |
| Interest income  | (26,54,641)   | (97,91,296)    |
| Wealth tax   | 21,750        | 23,447         |
| Operating profit before working capital changes  | 8,50,24,594   | 9,13,79,695    |
| ADJUSTMENTS FOR:   |               |                |
| (Increase) in sundry debtors   | 8,38,39,721   | (2,99,19,440)  |
| (Increase)/ decrease in inventories  | (16,03,492)   | 5,23,22,059    |
| (Increase)/ decrease in loans and advances   | 1,53,81,422   | (2,13,43,348)  |
| Increase / (decrease) in current liabilities   | 2,43,30,891   | (17,33,52,770) |
| (Increase )/decrease in fixed deposits pledged with<br>Banks etc. and dividend accounts with banks | 20,82,013     | (6,73,642)     |
| Cash generated from operations   | 20,90,55,149  | (8,15,87,446)  |
| Interest paid  | (2,13,23,846) | (2,52,50,162)  |
| Income tax paid  | (4,54,70,089) | (2,73,27,498)  |
| Dividend paid  | (1,41,44,003) | (1,40,55,792)  |
| NET CASH FLOW FROM OPERATING ACTIVITIES (A)  | 12,81,17,211  | (14,82,20,898) |
| Cash flow from investing activities:   |               |                |
| Purchase of fixed assets   | (1,78,20,337) | (1,60,03,319)  |
| Sale of assets   | 3,92,001      | 17,71,47,210   |
| Advance against capital items  | 3,61,777      | (1,28,93,523)  |
| Interest earned  | 25,94,202     | 97,67,418      |
| Purchase of investments  | (62,48,000)   | (4,50,735)     |
| CASH USED IN INVESTING ACTIVITIES (B)  | (2,07,20,357) | 15,75,67,051   |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

|   | 2008-2009<br>Rs.      | 2007-2008<br>Rs.     |
|---|-----------------------|----------------------|
| <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>             |                       |                      |
| Proceeds from long term borrowings                      | 1,80,00,000           | -                    |
| Repayment of long term borrowings                       | (1,12,18,459)         | (12,08,55,559)       |
| Proceeds from fixed deposits,dealership deposits        | 1,23,95,000           | 2,10,64,000          |
| Repayment of fixed deposits,dealership deposits         | (1,70,95,000)         | (2,19,06,919)        |
| Increase/(decrease) in working capital loans            | (10,56,82,110)        | 7,21,08,143          |
| Proceeds from shares                                    | 11,872                | 16,717               |
| <b>CASH GENERATED FROM FINANCING ACTIVITY (C)</b>       | <b>(10,35,88,697)</b> | <b>(4,95,73,618)</b> |
| Net increase in cash and cash equivalents (a+b+c)       | 38,08,157             | (4,02,27,465)        |
| Cash and cash equivalents at begining of the year       | 75,99,914             | 4,78,27,379          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b> | <b>1,14,08,071</b>    | <b>75,99,914</b>     |

**NOTE:**

**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**

|  |                    |                  |
|--|--------------------|------------------|
| Cash and bank balances   | 2,18,45,168        | 2,01,19,024      |
| Less:deposits pledged with banks towards margin money and dividend accounts with banks dealt in operating activity | 1,04,37,097        | 1,25,19,110      |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>1,14,08,071</b> | <b>75,99,914</b> |

**Notes:**

- 1 The cash flow statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 2 Notes to Accounts ( Schedule 25 ) and Significant Accounting Policies (Schedule 26) form an integral part of Cash Flow Statement.
- 3 Previous Year's figures have been regrouped wherever necessary to conform to this year's classification.

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

for M.R. DEVINENI & CO.,  
Chartered Accountants

A.N. GUPTA  
Chairman & Managing Director

T.V. CHOWDARY  
Executive Director

P.V.R.K. NAGESWARA RAO  
Partner

Date : 29.06.2009  
Place : Secunderabad.

B. SOMASEKHARA RAO  
Vice President (Finance) and  
Company Secretary

# Premier Explosives Limited

## SCHEDULES FORMING PART OF ACCOUNTS

|   | As at<br>31st March, 2009<br>Rs. |                     | As at<br>31st March, 2008<br>Rs. |                     |
|---|----------------------------------|---------------------|----------------------------------|---------------------|
| <b>1 SHARE CAPITAL :</b>  |                                  |                     |                                  |                     |
| <b>AUTHORISED :</b>   |                                  |                     |                                  |                     |
| 1,00,00,000 Equity shares of<br>Rs.10/- each  |                                  | <u>10,00,00,000</u> |                                  | <u>10,00,00,000</u> |
| <b>Issued:</b>  |                                  |                     |                                  |                     |
| 81,27,575 Equity shares of Rs.10/- each   |                                  | <u>8,12,75,750</u>  |                                  | <u>8,12,75,750</u>  |
| <b>Subscribed :</b>   |                                  |                     |                                  |                     |
| 81,27,575 Equity shares of Rs.10/-<br>each fully paid up<br>{Including 10,21,705 bonus shares allotted<br>on capitalisation of general reserve}                 | 8,12,75,750                      |                     | 8,12,75,750                      |                     |
| Less: Allotment money due   | <u>48,486</u>                    |                     | <u>60,358</u>                    |                     |
|   |                                  | <u>8,12,27,264</u>  |                                  | <u>8,12,15,392</u>  |
|   |                                  | <u>8,12,27,264</u>  |                                  | <u>8,12,15,392</u>  |
| <b>2 RESERVES AND SURPLUS :</b>   |                                  |                     |                                  |                     |
| <b>Capital Reserve :</b>  |                                  |                     |                                  |                     |
| Subsidy received  | 30,57,370                        |                     | 30,57,370                        |                     |
| Shares forfeited  | <u>13,000</u>                    |                     | <u>13,000</u>                    |                     |
|   |                                  | 30,70,370           |                                  | 30,70,370           |
| Share premium   |                                  | 1,73,33,647         |                                  | 1,73,33,647         |
| <b>General Reserve :</b>  |                                  |                     |                                  |                     |
| As per last account   | 1,50,00,000                      |                     | 85,00,000                        |                     |
| Add: Transferred from<br>profit and loss account  | <u>60,00,000</u>                 |                     | <u>65,00,000</u>                 |                     |
|   |                                  | 2,10,00,000         |                                  | 1,50,00,000         |
| <b>Revaluation Reserve :</b>  |                                  |                     |                                  |                     |
| As per last account   | 36,11,541                        |                     | 37,16,284                        |                     |
| Less: Transferred to profit and loss<br>account being the difference of<br>depreciation for the year on<br>revalued amount of assets and<br>their original cost | <u>1,04,743</u>                  |                     | <u>1,04,743</u>                  |                     |
|   |                                  | 35,06,798           |                                  | 36,11,541           |
| Profit and loss account (Surplus)   |                                  | 11,47,21,329        |                                  | 10,63,70,377        |
|   |                                  | <u>15,96,32,144</u> |                                  | <u>14,53,85,935</u> |

## Premier Explosives Limited

|   | As at<br>31st March, 2009<br>Rs. | As at<br>31st March, 2008<br>Rs. |
|---|----------------------------------|----------------------------------|
| <b>3 SECURED LOANS :</b>  |                                  |                                  |
| <b>A. Term Loans:</b>   |                                  |                                  |
| From IDBI Bank Limited  | 1,80,00,000                      | -                                |
| From Export Import Bank of India (EXIM)<br>(Secured by first mortgage and charge on all the immovable and movable assets, present and future, subject to prior charge on specified movables created or to be created in favour of bankers by way of security of borrowings for working capital ranking pari passu with the charges created or to be created in favour of the participating financial institutions and personal guarantee of two directors of the company) | 3,08,96,230                      | 4,10,78,329                      |
| <b>B. Working Capital Loans :</b>   |                                  |                                  |
| From Banks:<br>(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)   | 1,36,45,066                      | 11,08,72,192                     |
| From Others:<br>(Secured by mortgage and charge on specific properties and personal guarantee of one of the directors of the company).  | -                                | 84,54,984                        |
| <b>C. Other Loans:</b>  |                                  |                                  |
| Loans from Others:<br>(On the hypothecation of vehicles and plant and machinery)  | 2,00,649                         | 12,37,009                        |
|   | <u>6,27,41,945</u>               | <u>16,16,42,514</u>              |
| <b>4 UNSECURED LOANS:</b>   |                                  |                                  |
| Fixed deposits  | 1,84,98,000                      | 2,14,43,000                      |
| From directors  | 46,42,000                        | 63,72,000                        |
| Deposits from dealers and others  | 72,06,988                        | 72,31,987                        |
|   | <u>3,03,46,988</u>               | <u>3,50,46,987</u>               |
| <b>5 DEFERRED TAX LIABILITY (NET):</b>  |                                  |                                  |
| - Opening balance   | 2,78,62,393                      | 4,10,92,128                      |
| - Additional adjustment for the current year<br>(Refer note no. 18 of schedule 25)  | 14,03,269                        | (1,32,29,735)                    |
|   | <u>2,92,65,662</u>               | <u>2,78,62,393</u>               |



## 6 FIXED ASSETS :

| Description of Assets              | GROSS BLOCK                                   |                           |                            |   | DEPRECIATION/AMORTISATION |                    |                    |                       | NET BLOCK           |                     |
|------------------------------------|---|---------------------------|----------------------------|---|---------------------------|--------------------|--------------------|-----------------------|---------------------|---------------------|
|                                    | Cost/ professional Valuation As at 01.04.2008 | Additions during the year | Deductions during the year | Total cost/ professional valuation as at 31.03.2009 | Upto 31.03.2008           | For the year       | On deductions      | Total upto 31.03.2009 | As at 31.03.2009    | As at 31.03.2008    |
|                                    | Rs.   | Rs.                       | Rs.                        | Rs.   | Rs.                       | Rs.                | Rs.                | Rs.                   | Rs.                 | Rs.                 |
| <b>TANGIBLE ASSETS:</b>            |   |                           |                            |   |                           |                    |                    |                       |                     |                     |
| LAND                               | 1,14,88,728                                   | 6,05,860                  | -                          | 1,20,94,588   | -                         | -                  | -                  | -                     | 1,20,94,588         | 1,14,88,728         |
| LEASEHOLD LAND                     | 2,19,386                                      | -                         | -                          | 2,19,386  | 19,390                    | 2,216              | -                  | 21,606                | 1,97,780            | 1,99,996            |
| ROADS AND BUILDINGS                | 6,27,71,590                                   | 80,91,334                 | -                          | 7,08,62,924   | 1,38,27,788               | 18,92,853          | -                  | 1,57,20,641           | 5,51,42,283         | 4,89,43,802         |
| PLANT AND MACHINERY                | 18,09,38,257                                  | 77,44,209                 | 3,05,000                   | 18,83,77,466  | 5,87,23,516               | 80,36,451          | 56,674             | 6,67,03,293           | 12,16,74,173        | 12,22,14,741        |
| RESEARCH AND DEVELOPMENT EQUIPMENT | 59,99,737                                     | 4,13,612                  | -                          | 64,13,349   | 9,69,475                  | 2,87,855           | -                  | 12,57,330             | 51,56,019           | 50,30,262           |
| DATA PROCESSING EQUIPMENT          | 44,08,371                                     | 6,06,000                  | -                          | 50,14,371   | 29,48,510                 | 4,60,341           | -                  | 34,08,851             | 16,05,520           | 14,59,861           |
| OFFICE EQUIPMENT                   | 28,09,357                                     | 5,83,397                  | -                          | 33,92,754   | 16,21,116                 | 1,70,904           | -                  | 17,92,020             | 16,00,734           | 11,88,241           |
| FURNITURE AND FIXTURES             | 23,06,906                                     | 2,33,307                  | -                          | 25,40,213   | 16,01,192                 | 1,27,632           | -                  | 17,28,824             | 8,11,389            | 7,05,714            |
| VEHICLES                           | 76,78,979                                     | 84,455                    | 4,72,504                   | 72,90,930   | 22,68,060                 | 7,53,663           | 1,71,435           | 28,50,288             | 44,40,642           | 54,10,919           |
| <b>INTANGIBLE ASSETS:</b>          |   |                           |                            |   |                           |                    |                    |                       |                     |                     |
| ERP LICENCE FEE                    | 8,32,000                                      | -                         | -                          | 8,32,000  | 4,85,333                  | 3,46,667           | -                  | 8,32,000              | -                   | 3,46,667            |
| SOFTWARE                           | -   | 8,09,546                  | -                          | 8,09,546  | -                         | 1,00,869           | -                  | 1,00,869              | 7,08,677            | -                   |
| <b>TOTAL</b>                       | <b>27,94,53,311</b>                           | <b>1,91,71,720</b>        | <b>7,77,504</b>            | <b>29,78,47,527</b>                                 | <b>8,24,64,380</b>        | <b>1,21,79,451</b> | <b>2,28,109</b>    | <b>9,44,15,722</b>    | <b>20,34,31,805</b> | <b>19,69,88,931</b> |
| <b>PREVIOUS YEAR TOTAL</b>         | <b>49,40,86,691</b>                           | <b>1,40,55,268</b>        | <b>22,86,88,648</b>        | <b>27,94,53,311</b>                                 | <b>16,22,81,730</b>       | <b>1,13,97,749</b> | <b>9,12,15,099</b> | <b>8,24,64,380</b>    | <b>19,69,88,931</b> | <b>33,18,04,961</b> |

Note: Land and Buildings and Plant and Machinery pertaining to detonators division at Peddakandukur were revalued by registered valuers as at 31st march 1993.

## Premier Explosives Limited

|   |  | As at<br>31st March, 2009<br>Rs. | As at<br>31st March, 2008<br>Rs. |
|---|--|----------------------------------|----------------------------------|
| 7 | <b>INVESTMENTS: (At Cost)</b>  |                                  |                                  |
|   | <b>LONG TERM</b>   |                                  |                                  |
|   | <b>NON-TRADE, UNQUOTED</b>   |                                  |                                  |
|   | a) 4,99,300 Equity shares of Rs.10/- each fully paid up in Premier Explochem Limited                                   | 49,93,000                        | 49,93,000                        |
|   | Less: Provision for diminution in book value   | 49,88,007                        | 49,88,007                        |
|   |  | 4,993                            | 4,993                            |
|   | b) 24,800 Equity shares of Rs.10/- each fully paidup in VTL Premier Pyrotechnics Limited                               | 2,48,000                         | -                                |
|   | <b>Joint ventures:</b>   |                                  |                                  |
|   | a) 9,000 Equity shares of \$10 each in Premier Georgia Limited.  | 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                        |
|   | <b>Subsidiary:</b>   |                                  |                                  |
|   | 6,00,000 Equity shares of Rs.10/- each fully paid up in Premier Wire Products Limited (Refer note no.6 of schedule 25) | 60,00,000                        | -                                |
|   |  | 1,03,16,028                      | 68,49,574                        |
| 8 | <b>INVENTORIES:</b>  |                                  |                                  |
|   | (As certified by the management)   |                                  |                                  |
|   | Raw materials  | 2,62,44,728                      | 2,73,25,183                      |
|   | Work-in-process  | 1,94,21,745                      | 1,77,92,369                      |
|   | Finished goods   | 1,72,27,752                      | 1,43,93,527                      |
|   | Stock of stores  | 1,00,26,048                      | 1,08,08,312                      |
|   | Scrap  | 4,55,813                         | 14,53,203                        |
|   |  | 7,33,76,086                      | 7,17,72,594                      |
| 9 | <b>SUNDRY DEBTORS :</b>  |                                  |                                  |
|   | (Unsecured, considered good)   |                                  |                                  |
|   | Outstanding for more than six months:  | 1,27,34,879                      | 6,49,39,779                      |
|   | Others   | 8,05,26,474                      | 11,21,61,295                     |
|   |  | 9,32,61,353                      | 17,71,01,074                     |

## Premier Explosives Limited

|   | As at<br>31st March, 2009<br>Rs. |                     | As at<br>31st March, 2008<br>Rs. |                     |
|---|----------------------------------|---------------------|----------------------------------|---------------------|
| <b>10 CASH AND BANK BALANCES :</b>  |                                  |                     |                                  |                     |
| Cash on hand  |                                  | 6,39,719            |                                  | 17,49,889           |
| Cash at scheduled banks :   |                                  |                     |                                  |                     |
| In current accounts   |                                  | 96,04,395           |                                  | 37,51,903           |
| In dividend accounts  |                                  | 10,12,306           |                                  | 9,03,617            |
| In fixed deposits   |                                  | 1,05,88,748         |                                  | 1,37,13,615         |
| (Of the above, Rs.85,35,424/- (previous year Rs.1,07,77,411/-) was pledged towards margin on bank guarantees, Rs.44,043/- (previous year Rs.42,012/-) to sales tax authorities, Rs.8,45,324/- (previous year Rs.7,96,070/-) to Naval Armament Depot.) |                                  |                     |                                  |                     |
|   |                                  | <u>2,18,45,168</u>  |                                  | <u>2,01,19,024</u>  |
| <b>11 LOANS AND ADVANCES :</b>  |                                  |                     |                                  |                     |
| (Unsecured, recoverable in cash or in kind or for value to be received)   |                                  |                     |                                  |                     |
| Considered good :   |                                  |                     |                                  |                     |
| Deposit with central excise authority (net)   |                                  | 27,84,894           |                                  | 29,51,363           |
| Other advances and deposits   |                                  | 10,19,78,992        |                                  | 10,16,78,421        |
| Advance for capital works   |                                  | 1,82,88,033         |                                  | 1,86,49,810         |
| Share deposits  |                                  | -                   |                                  | 49,88,798           |
| Prepaid expenses  |                                  | 15,65,226           |                                  | 16,41,159           |
| Claims receivable   |                                  | 42,000              |                                  | 10,69,464           |
| Considered doubtful :   |                                  |                     |                                  |                     |
| Other advances and deposits   | 1,60,70,707                      |                     | 2,54,94,036                      |                     |
| Less: Provision for doubtful advances   | <u>1,60,70,707</u>               |                     | <u>2,54,94,036</u>               |                     |
|   |                                  |                     |                                  |                     |
|   |                                  | <u>12,46,59,145</u> |                                  | <u>13,09,79,015</u> |
| <b>12 CURRENT LIABILITIES :</b>   |                                  |                     |                                  |                     |
| Dues of Micro and Small Enterprises<br>(Refer note no.5 of schedule 25)   |                                  | 209                 |                                  | -                   |
| Dues of creditors other than Micro and Small Enterprises  |                                  | 9,59,92,469         |                                  | 9,83,69,200         |
| Advances from customers   |                                  | 3,59,97,390         |                                  | 1,22,65,879         |
| Interest accrued but not due  |                                  | 4,79,566            |                                  | 7,01,208            |
| Unclaimed dividend  |                                  | 10,12,306           |                                  | 9,03,617            |
| (There is no amount due and outstanding to be credited to investor education and protection fund)   |                                  |                     |                                  |                     |
|   |                                  | <u>13,34,81,940</u> |                                  | <u>11,22,39,904</u> |

## Premier Explosives Limited

|  | As at            |                     | As at              |                     |
|--|------------------|---------------------|--------------------|---------------------|
|  | 31st March, 2009 | 31st March, 2008    | 31st March, 2008   | 31st March, 2008    |
|  | Rs.              | Rs.                 | Rs.                | Rs.                 |
| <b>13 PROVISIONS :</b>   |                  |                     |                    |                     |
| Proposed dividend  |                  | 1,21,84,090         |                    | 1,21,82,309         |
| Provision for corporate dividend tax                                   |                  | 20,70,686           |                    | 20,70,383           |
| Provision for taxation (net of prepaid taxes)                          |                  | 35,37,320           |                    | 1,78,48,285         |
| Provision for Fringe Benefits Tax (net of advance tax)                 |                  | 1,16,202            |                    | 46,692              |
| Provision for interest on income tax                                   |                  | 37,14,153           |                    | 21,91,016           |
| Provision for gratuity and leave encashment                            |                  | 92,00,345           |                    | 79,98,500           |
|  |                  | <u>3,08,22,796</u>  |                    | <u>4,23,37,185</u>  |
|  |                  |                     |                    |                     |
|  |                  | For the year ended  | For the year ended |                     |
|  |                  | 31st March, 2009    | 31st March, 2008   |                     |
|  |                  | Rs.                 | Rs.                |                     |
| <b>14 SALES:</b>   |                  |                     |                    |                     |
| Sales  |                  | 68,84,08,980        |                    | 58,52,91,378        |
| Income from service operations   |                  | 8,16,75,757         |                    | 5,81,90,312         |
|  |                  | <u>77,00,84,737</u> |                    | <u>64,34,81,690</u> |
| <b>15 OTHER INCOME :</b>   |                  |                     |                    |                     |
| Interest earned (gross)  |                  | 26,54,641           |                    | 97,91,296           |
| (Tax deducted at source:Rs.4,77,330/-<br>previous year: Rs.1,98,444/-) |                  |                     |                    |                     |
| Miscellaneous income   |                  | 77,19,648           |                    | 91,13,674           |
| Excess liabilities written back  |                  | 14,500              |                    | 48,72,041           |
| Foreign exchange fluctuations (net)                                    |                  | 7,46,126            |                    | 45,57,170           |
|  |                  | <u>1,11,34,915</u>  |                    | <u>2,83,34,181</u>  |
| <b>16 MATERIALS CONSUMED :</b>   |                  |                     |                    |                     |
| (a) Raw Material Consumed:   |                  |                     |                    |                     |
| Opening stock  |                  | 2,73,25,183         |                    | 3,92,74,112         |
| Add: Purchases   |                  | 31,47,88,685        |                    | 23,90,61,665        |
|  |                  | <u>34,21,13,868</u> |                    | <u>27,83,35,777</u> |
| Less: Closing stock  |                  | 2,62,44,728         |                    | 2,73,25,183         |
|  |                  | <u>31,58,69,140</u> |                    | <u>25,10,10,594</u> |
| (b) Trade purchases  |                  | 24,31,396           |                    | 3,66,525            |
|  |                  | <u>31,83,00,536</u> |                    | <u>25,13,77,119</u> |

## Premier Explosives Limited

|   | For the year ended<br>31st March, 2009 |                     | For the year ended<br>31st March, 2008 |                     |
|---|--|---------------------|--|---------------------|
|   | Rs.                                    | Rs.                 | Rs.                                    | Rs.                 |
| <b>17 MANUFACTURING EXPENSES:</b>                           |  |                     |  |                     |
| Consumable stores   |  | 18,88,910           |  | 22,56,609           |
| Power and fuel  |  | 75,54,118           |  | 72,45,721           |
| Repairs and Maintenance to :                                |  |                     |  |                     |
| Plant and machinery   |  | 99,25,969           |  | 73,12,492           |
| Roads and buildings   |  | 8,13,764            |  | 3,97,312            |
| Equipment hire charges                                      |  | 18,50,000           |  | 18,00,000           |
|   |  | <u>2,20,32,761</u>  |  | <u>1,90,12,134</u>  |
| <b>18 EXPENSES ON EMPLOYEES:</b>                            |  |                     |  |                     |
| Salaries, wages, bonus, gratuity and other benefits         |  | 11,56,81,249        |  | 10,50,14,972        |
| Workmen and staff welfare expenses                          |  | 52,76,654           |  | 48,53,002           |
| Contribution to provident fund                              |  | 68,93,852           |  | 52,23,631           |
| Contribution to E.S.I                                       |  | 25,18,840           |  | 18,85,604           |
|   |  | <u>13,03,70,595</u> |  | <u>11,69,77,209</u> |
| <b>19 RESEARCH AND DEVELOPMENT EXPENSES:</b>                |  |                     |  |                     |
| Material consumed   |  | 5,84,324            |  | 3,78,640            |
| Salaries, wages and other benefits                          |  | 42,19,002           |  | 31,12,114           |
| Contribution to provident fund                              |  | 2,57,143            |  | 1,84,392            |
| Contribution to E.S.I                                       |  | 1,35,624            |  | 1,21,943            |
|   |  | <u>51,96,093</u>    |  | <u>37,97,089</u>    |
| <b>20 OTHER EXPENSES :</b>                                  |  |                     |  |                     |
| Directors' remuneration<br>(Refer note no.8 of schedule 25) |  | 76,34,237           |  | 65,12,225           |
| Directors' sitting fees                                     |  | 1,97,500            |  | 1,17,500            |
| Travelling and conveyance                                   |  | 1,15,48,290         |  | 1,19,27,316         |
| Professional charges  |  | 34,34,566           |  | 32,88,098           |
| Printing and stationery                                     |  | 11,44,688           |  | 12,15,988           |
| Communication expenses                                      |  | 21,21,148           |  | 21,60,997           |
| Rates and taxes   |  | 29,22,121           |  | 22,96,121           |
| Advertisement   |  | 2,52,581            |  | 2,98,881            |
| Vehicle maintenance   |  | 80,31,623           |  | 47,32,668           |
| Repairs and maintenance to other assets                     |  | 11,44,394           |  | 8,48,107            |
| Carriage and freight  | 2,19,64,109                            |                     | 2,06,07,228                            |                     |
| Less: Freight and handling charges recovered                |  | <u>1,10,22,161</u>  |  | <u>95,78,216</u>    |
|   |  | <u>1,09,41,948</u>  |  | <u>1,10,29,012</u>  |

## Premier Explosives Limited

|  | For the year ended<br>31st March, 2009 |                    | For the year ended<br>31st March, 2008 |                    |
|--|--|--------------------|--|--------------------|
|  | Rs.                                    | Rs.                | Rs.                                    | Rs.                |
| Insurance  |  | 24,16,583          |  | 26,63,092          |
| Rent   |  | 10,85,110          |  | 7,69,927           |
| Payments to auditors<br>(Refer note no.11 of schedule 25)    |  | 4,97,368           |  | 4,91,794           |
| General expenses   |  | 1,08,99,981        |  | 88,91,326          |
| Donations  |  | 24,966             |  | 30,317             |
| Bad debts written off  | -                                      |                    | 4,20,926                               |                    |
| Less: Provision for doubtful<br>debts no longer required     | -                                      |                    | 1,73,127                               |                    |
|  |  | -                  |  | 2,47,799           |
| Loss on sale of assets (net)                                 |  | 1,57,395           |  | 38,517             |
| Provision for doubtful advances                              |  | -                  |  | 2,01,94,036        |
| Advances written off   | 2,54,94,036                            |                    | -                                      |                    |
| Less : Provision for doubtful<br>advances no longer required | 2,54,94,036                            |                    | -                                      |                    |
|  |  | -                  |  | -                  |
|  |  | <u>6,44,54,499</u> |  | <u>7,77,53,721</u> |
| <b>21 SELLING EXPENSES :</b>                                 |  |                    |  |                    |
| Sales Commission   |  | 47,64,283          |  | 45,82,359          |
| Sales promotion expenses                                     |  | 7,90,126           |  | 4,63,527           |
| Discount   |  | 1,98,040           |  | 4,14,917           |
| Other selling expenses                                       |  | 13,67,080          |  | 8,89,208           |
|  |  | <u>71,19,529</u>   |  | <u>63,50,011</u>   |
| <b>22 FINANCE CHARGES :</b>                                  |  |                    |  |                    |
| Interest on fixed loans                                      |  | 34,05,028          |  | 45,65,183          |
| Interest to others   |  | 1,57,93,989        |  | 1,64,54,561        |
| Other finance charges  |  | 16,52,267          |  | 18,55,192          |
| Bank charges and commission                                  |  | 70,52,524          |  | 47,46,544          |
|  |  | <u>2,79,03,808</u> |  | <u>2,76,21,480</u> |

## Premier Explosives Limited

|  | For the year ended<br>31st March, 2009 |                    | For the year ended<br>31st March, 2008 |                    |
|--|--|--------------------|--|--------------------|
|  | Rs.                                    | Rs.                | Rs.                                    | Rs.                |
| <b>23 (INCREASE)/DECREASE IN STOCKS :</b>                    |  |                    |  |                    |
| Opening stock:   |  |                    |  |                    |
| Finished goods   | 1,43,93,527                            |                    | 3,13,22,217                            |                    |
| Work-in-process  | 1,77,92,369                            |                    | 3,12,15,188                            |                    |
| Scrap  | 14,53,203                              |                    | 9,75,848                               |                    |
|  |  | 3,36,39,099        |  | 6,35,13,253        |
| Less: closing stock:   |  |                    |  |                    |
| Finished goods   | 1,72,27,752                            |                    | 1,43,93,527                            |                    |
| Work-in- process   | 1,94,21,745                            |                    | 1,77,92,369                            |                    |
| Scrap  | 4,55,813                               |                    | 14,53,203                              |                    |
|  |  | 3,71,05,310        |  | 3,36,39,099        |
|  |  | (34,66,211)        |  | 2,98,74,154        |
| Excise duty adjustment on finished<br>goods inventory        |  | 5,73,553           |  | 9,61,789           |
| (Increase)/Decrease in stocks                                |  | <u>(40,39,764)</u> |  | <u>2,89,12,365</u> |
| <b>24 WRITE OFFS/PROVISIONS RELATING TO JOINT VENTURES :</b> |  |                    |  |                    |
| (Refer note no.7(A) of schedule 25)                          |  |                    |  |                    |
| Bad debts written off  |  | 3,06,33,833        |  | -                  |
| Provision for doubtful interest receivable                   |  | 1,60,70,707        |  | -                  |
| Royalty receivable written off                               |  | 2,48,090           |  | -                  |
| Technical know how fees receivable written off               |  | 39,67,000          |  | -                  |
| Provision for diminution in book<br>value of investments     |  | 27,81,546          |  | -                  |
|  |  | <u>5,37,01,176</u> |  | <u>-</u>           |

## Premier Explosives Limited

|  | For the year ended<br>31st March, 2009 |     | For the year ended<br>31st March, 2008 |     |
|--|--|-----|--|-----|
|  | Rs.                                    | Rs. | Rs.                                    | Rs. |
| <b>25 NOTES TO ACCOUNTS:</b>   |  |     |  |     |
| 1 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.   |  |     |  |     |
| <b>2 CONTINGENT LIABILITIES</b>  |  |     |  |     |
| (a) On account of guarantees issued by the banks on behalf of the company  | 13,65,32,390                           |     | 11,54,96,295                           |     |
| (b) Sales tax demands disputed by the company pending in appeal  | 1,51,30,507                            |     | 19,694                                 |     |
| (c) Income tax demands disputed by the company pending in appeal   | 6,61,369                               |     | 25,93,454                              |     |
| (d) On account of bonds executed by the company to the Government of India towards exemption of customs duty on imported equipment and excise duty on indigenous equipment, materials and finished goods.  | -                                      |     | 4,35,58,472                            |     |
| (e) Guarantees issued by the company on behalf of subsidiary.  | 3,07,41,667                            |     | -                                      |     |
| 3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).  | 3,83,090                               |     | 23,23,320                              |     |
| 4 Other advances and deposits include an amount of Rs.NIL/- (Previous Year Rs.10,691/-) due from an officer of the company. Maximum amount due during the year: Rs.10,691/- (Previous Year Rs.1,45,471/-). |  |     |  |     |
| <b>5 DUES OF MICRO AND SMALL ENTREPRISES</b>   |  |     |  |     |

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:



## Premier Explosives Limited

| Particulars   | 2008 - 09<br>Rs. | 2007 - 08<br>Rs. |
|---|------------------|------------------|
| Principal amount remaining unpaid as on 31st March.   | 209              | NIL              |
| 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              |
| <b>6 CONSOLIDATION OF ACCOUNTS OF SUBSIDIARY COMPANY "PREMIER WIRE PRODUCTS LIMITED":</b>   |                  |                  |
| Investment of Rs.60 lacs made in subsidiary, Premier Wire Products Limited in September 2008 to the extent of 60% of share capital of the Premier wire products Limited subsidiary company was in the nature of temporary investment(control) for the purpose of funding the project to complete it on time. Hence consolidated accounts were not prepared as on 31.03.2009 in accordance with the Accounting Standard No.21. 'Consolidated Financial Statements' issued by Institute of Chartered Accountants of India and notified by Companies (Accounting Standards), Rules 2006. |                  |                  |
| <b>7 WRITE OFFS/PROVISIONS RELATING TO JOINT VENTURES:</b>  |                  |                  |
| (A) Company was exporting explosives and explosives accessories to Turkey and Georgia. exporting from India was not much profitable and looking at the huge market potential around Turkey and Georgia, company entered into joint venture agreements with local partners. Since the other joint venture partners were not financially sound, company funded the projects in terms of loan,supply of machinery ,material and technical know how. The operations in joint venture companies were affected due to economic crisis.  |                  |                  |
| The amounts receivable towards interest on advance, supply of machinery and materials. Technical know how and royalty are not recoverable from joint venture at Turkey. Accordingly the amounts are written off / provided in the books of accounts. Applications were made to Reserve Bank of India for necessary permissions.   |                  |                  |
| The amounts receivable towards supply of machinery, material, Technical know how, interest on advance and royalty are not recoverable in respect of joint venture at Georgia. Accordingly the amounts are written off / provided in the books of accounts. Applications were made to Reserve Bank of India for necessary permissions.   |                  |                  |
| Total write offs/provisions are made for Rs.537.01 lacs (Refer schedule no.24) relating to the joint ventures at Turkey and Georgia.  |                  |                  |

## Premier Explosives Limited

|   | For the year ended<br>31st March, 2009  |                     | For the year ended<br>31st March, 2008 |                     |
|---|---|---------------------|--|---------------------|
|   | Rs.   | Rs.                 | Rs.                                    | Rs.                 |
| <p>(B) The company has given advances to the extent of Rs.5,12,14,757 (USD 1010153) to the joint venture at Georgia and Rs.1,88,19,216 (Euro 280800) to the joint venture at Turkey. The company is pursuing with the joint venture partners to recover the loan amounts and is confident of recovery. The amounts are shown as recoverable under the head 'Other Advances and deposits' as considered good in Schedule no.11 - " Loans and advances" annexed to Balance sheet.</p> |   |                     |  |                     |
| 8   | <b>(a) DIRECTORS' REMUNERATION:</b>   |                     |  |                     |
|   | Salary and allowances   | 51,31,620           |  | 38,19,719           |
|   | Contribution to provident fund  | 3,66,768            |  | 2,74,798            |
|   | Perquisites   | 8,84,149            |  | 9,15,399            |
|   | Commission  | 12,51,700           |  | 15,02,309           |
|   |   | <u>76,34,237</u>    |  | <u>65,12,225</u>    |
|   | <b>b) CALCULATION OF COMMISSION:</b>  |                     |  |                     |
|   | Computation of net profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956 with relevant details of calculation of commission payable by way of percentage of such profits to Chairman and Managing Director and Other Directors for the year ended 31st March, 2009 |                     |  |                     |
|   | Profit as per profit and loss account   | 6,12,15,881         |  | 8,64,59,227         |
|   | Add: Managerial remuneration including perquisites and benefits   | 76,34,237           |  | 65,12,225           |
|   | Director's sitting fees   | 1,97,500            |  | 1,17,500            |
|   | Wealth tax  | 21,750              |  | 23,447              |
|   | Loss on sale of assets (net)  | 1,57,395            |  | 2,01,94,036         |
|   | Provision for doubtful interest receivable  | 1,60,70,707         |  | -                   |
|   | Provision for diminution in book value of investment  | 27,81,546           |  | -                   |
|   | Depreciation as per books   | 1,20,74,708         |  | 1,12,93,006         |
|   |   | <u>10,01,53,724</u> |  | <u>12,45,99,441</u> |
|   | Less: Profit on sale of assets (net)  | -                   |  | 3,96,73,661         |
|   | Provision for doubtful debts no longer required   | 2,54,94,036         |  | 1,73,127            |
|   | Less: Depreciation as envisaged under Section 350 of the Companies Act  | 1,20,74,708         |  | 1,12,93,006         |
|   |   | <u>6,25,84,980</u>  |  | <u>7,34,59,647</u>  |
|   | <b>Commission on Profits:</b>   |                     |  |                     |
|   | Commission @1% to Chairman and Managing Director  | 6,25,850            |  | 7,34,596            |
|   | Commission @0.5% to Executive Director  | 3,12,925            |  | 3,67,298            |
|   | Commission @0.5% to Director (Marketing)  | 3,12,925            |  | 3,67,298            |
|   | Commission @0.5% to Director (Finance) proportionately for 33 days  | -                   |  | 33,117              |

## 9 ADDITIONAL INFORMATION AS REQUIRED BY PART-II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

## a (i) Details of Capacities, Production and Turnover.

| PRODUCT  | LICENCED/<br>REGISTERED<br>CAPACITY |                                   | INSTALLED<br>CAPACITY<br>(AS CERTIFIED BY THE<br>MANAGEMENT) |                                   | ACTUAL<br>PRODUCTION              |                                   | TURNOVER                                  |  |   |  |
|--|-------------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|---|--|---|--|
|  | Year ended<br>31st March,<br>2009   | Year ended<br>31st March,<br>2008 | Year ended<br>31st March,<br>2009                            | Year ended<br>31st March,<br>2008 | Year ended<br>31st March,<br>2009 | Year ended<br>31st March,<br>2008 | Year ended<br>31st March,<br>2009<br>Qty. | Year ended<br>31st March,<br>2009<br>Value (Rs.) | Year ended<br>31st March,<br>2008<br>Qty. | Year ended<br>31st March,<br>2008<br>Value (Rs.) |
| Industrial explosives (tonnes)                 | 33,000                              | 33,000                            | 33,000   | 33,000                            | 11,469.555                        | 8,776.450                         | 11,469.555                                | 22,53,18,510                                     | 8.776                                     | 15,64,56,377                                     |
| Detonators (Mn.Nos)                            | 100                                 | 100                               | 100  | 100                               | 52.080                            | 52.623                            | 51.646                                    | 32,45,66,005                                     | 54.296                                    | 28,22,01,452                                     |
| Styphnic acid (tonnes)                         | 10                                  | 10                                | 4.50   | 4.50                              | 1.562                             | 1.161                             | 0.400                                     | 6,27,497   | —   | —  |
| Styphnic acid for captive consumption (tonnes) | —                                   | —                                 | —  | —                                 | —                                 | —                                 | 1.124                                     | —  | 1.161                                     | —  |
| Detonating fuse (Mn. Mtrs)                     | 45                                  | 45                                | 45   | 45                                | 15.528                            | 17.756                            | 14.932                                    | 5,37,56,197                                      | 18.995                                    | 5,83,68,534                                      |
| PETN (tonnes)                                  | 700                                 | 700                               | 700  | 700                               | 225.414                           | 279.137                           | —   | —  | 5   | 6,89,533   |
| PETN captive consumption (tonnes)              | —                                   | —                                 | —  | —                                 | —                                 | —                                 | 224.914                                   | —  | 276.137                                   | —  |
| Boostex (tonnes)                               | 500                                 | 500                               | 500  | 500                               | 75.358                            | 123.817                           | 76.225                                    | 1,76,51,667                                      | 124.895                                   | 2,25,89,313                                      |
| Boostex for captive consumption (tonnes)       | —                                   | —                                 | —  | —                                 | —                                 | —                                 | 0.525                                     | —  | 1.65                                      | —  |
| Special products (Pyrogen etc.,)               | 500 Nos. & 150 ton.                 | 500 Nos. & 150 ton.               | 500 Nos. & 150 ton.  | 500 Nos. & 150 ton.               | 162 Nos.                          | 219 Nos.                          | 162                                       | 4,28,15,000                                      | 219                                       | 3,17,21,044                                      |
| Mushrooms (tonnes)                             | —                                   | —                                 | —  | —                                 | —                                 | —                                 | —   | —  | 106.403                                   | 89,41,893  |
| Others   | —                                   | —                                 | —  | —                                 | —                                 | —                                 | —   | 10,53,49,861                                     | —   | 8,25,13,544                                      |
|  |                                     |                                   |  |                                   |                                   |                                   |   | 77,00,84,737                                     |   | 64,34,81,690                                     |

a (ii) Details of Opening Stock, Purchases and Closing Stock

| PRODUCT  | OPENING STOCK                             |  |   |  | CLOSING STOCK                             |  |   |  | PURCHASES                                 |  |   |  |
|--|---|--|---|--|---|--|---|--|---|--|---|--|
|  | Year ended<br>31st March,<br>2009<br>Qty. | Year ended<br>31st March,<br>2009<br>Value (Rs.) | Year ended<br>31st March,<br>2008<br>Qty. | Year ended<br>31st March,<br>2008<br>Value (Rs.) | Year ended<br>31st March,<br>2009<br>Qty. | Year ended<br>31st March,<br>2009<br>Value (Rs.) | Year ended<br>31st March,<br>2008<br>Qty. | Year ended<br>31st March,<br>2009<br>Value (Rs.) | Year ended<br>31st March,<br>2009<br>Qty. | Year ended<br>31st March,<br>2009<br>Value (Rs.) | Year ended<br>31st March,<br>2008<br>Qty. | Year ended<br>31st March,<br>2008<br>Value (Rs.) |
| Industrial explosives (tonnes)                 | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  |
| Detonators (Mn.Nos)                            | 2.003                                     | 1,20,48,391                                      | 3.676                                     | 1,88,80,180                                      | 2.437                                     | 1,30,66,060                                      | 2.003                                     | 1,20,48,391                                      | —   | —  | —   | —  |
| Styphnic acid (tonnes)                         | —   | —  | —   | —  | 0.038                                     | 15,555   | —   | —  | —   | —  | —   | —  |
| Styphnic acid for captive consumption (tonnes) | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  |
| Detonating fuse (Mn.Mtrs)                      | 0.667                                     | 17,28,996  | 1.906                                     | 43,94,926  | 1.263                                     | 36,54,188  | 0.667                                     | 17,28,996  | —   | —  | —   | —  |
| PETN (tonnes)                                  | 0.300                                     | 28,494   | 2.300                                     | 1,74,110   | 0.800                                     | 94,973   | 0.300                                     | 28,494   | —   | —  | —   | —  |
| PETN captive consumption (tonnes)              | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  |
| Boostex (tonnes)                               | 3.422                                     | 5,80,230   | 6.150                                     | 10,28,052  | 2.030                                     | 3,89,560   | 3.422                                     | 5,80,230   | —   | —  | —   | —  |
| Boostex for captive consumption (tonnes)       | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  |
| Special products (Pyrogen etc.)                | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  | —   | —  |
| Mushrooms (tonnes)                             | —   | —  | 106.403                                   | 66,70,166  | —   | —  | —   | —  | —   | —  | —   | —  |
| Others   | —   | 7,416  | —   | 1,74,783   | —   | 7,416  | —   | 7,416  | —   | 24,31,396  | —   | 3,66,525   |
|  |   | 1,43,93,527                                      |   | 3,13,22,217                                      |   | 1,72,27,752                                      |   | 1,43,93,527                                      |   | 24,31,396  |   | 3,66,525   |

## Premier Explosives Limited

|   | For the year ended<br>31st March, 2009 |                     | For the year ended<br>31st March, 2008 |                     |
|---|--|---------------------|--|---------------------|
|   | Rs                                     |                     | Rs                                     |                     |
| <b>b) DETAILS OF RAW MATERIAL CONSUMED :</b>  |  |                     |  |                     |
|   | QTY                                    | VALUE               | QTY                                    | VALUE               |
|   |  | Rs                  |  | Rs                  |
| Ammonium nitrate (tonnes)   | 8,484.817                              | 14,71,31,793        | 6,393.987                              | 9,07,87,733         |
| GI wire (tonnes)  | 229.768                                | 1,78,27,893         | 228.866                                | 1,53,78,373         |
| Aluminium strip (tonnes)  | 76.355                                 | 1,23,21,925         | 77.833                                 | 1,29,69,138         |
| Others  |  | 13,85,87,529        |  | 13,18,75,350        |
|   |  | <u>31,58,69,140</u> |  | <u>25,10,10,594</u> |
| <b>c) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS CONSUMED AND THEIR PERCENTAGES TO TOTAL CONSUMPTION:</b> |  |                     |  |                     |
|   | Value (Rs)                             | %                   | Value (Rs)                             | %                   |
| <b>RAW MATERIALS :</b>  |  |                     |  |                     |
| Imported  | 1,41,826                               | 0.04                | 1,52,633                               | 0.06                |
| Indigenous  | 31,57,27,314                           | 99.96               | 25,08,57,961                           | 99.94               |
|   | <u>31,58,69,140</u>                    | <u>100.00</u>       | <u>25,10,10,594</u>                    | <u>100.00</u>       |
| <b>SPARE PARTS :</b>  |  |                     |  |                     |
| Imported  | -                                      | -                   | -                                      | -                   |
| Indigenous  | 35,17,100                              | 100.00              | 42,87,148                              | 100.00              |
|   | <u>35,17,100</u>                       | <u>100.00</u>       | <u>42,87,148</u>                       | <u>100.00</u>       |
| <b>d) C.I.F. VALUE OF IMPORTS :</b>   |  |                     |  |                     |
|   | (Rs)                                   | (Rs)                | (Rs)                                   | (Rs)                |
| Raw materials   | 2,40,210                               | 2,14,130            |  |                     |
| Capital goods   | 87,377                                 | 34,93,901           |  |                     |
|   | <u>3,27,587</u>                        | <u>37,08,031</u>    |  |                     |
| <b>e) EXPENDITURE IN FOREIGN CURRENCY : (ON ACCRUAL BASIS)</b>  |  |                     |  |                     |
|   | (Rs)                                   | (Rs)                | (Rs)                                   | (Rs)                |
| Rates and taxes   | 6,18,420                               | 32,892              |  |                     |
| Travel  | 6,07,470                               | 6,06,015            |  |                     |
| Commission  | 8,64,501                               | 31,563              |  |                     |
| Professional charges  | 1,91,351                               | 3,75,342            |  |                     |
| Other expenses  | 2,38,616                               | 1,88,250            |  |                     |
|   | <u>25,20,358</u>                       | <u>12,34,062</u>    |  |                     |

## Premier Explosives Limited

|  | For the year ended<br>31st March, 2009<br>Rs. | For the year ended<br>31st March, 2008<br>Rs. |
|--|---|---|
| f) <b>EARNINGS IN FOREIGN EXCHANGE:<br/>(ON ACCRUAL BASIS)</b>   |   |   |
| FOB value of exports   | 3,82,07,476                                   | 3,46,73,108                                   |
| Technical know how fees  | -   | 11,62,789                                     |
| Royalty earned   | -   | 2,47,965                                      |
| Interest earned  | -   | 84,40,138                                     |
|  | 3,82,07,476                                   | 4,45,24,000                                   |
| 10 <b>EXPENDITURE UNDER THE FOLLOWING HEADS<br/>OF ACCOUNT INCLUDE PRIOR PERIOD<br/>expenses as given below:</b> |   |   |
| Expenses on employees  | 7,59,782                                      | 2,37,703                                      |
| Other expenses   | 7,33,080                                      | 26,546  |
| Finance charges  | -   | 39,865  |
|  | 14,92,862                                     | 3,04,114                                      |
| 11 <b>PAYMENTS TO AUDITORS :</b>   |   |   |
| As auditors  | 2,50,000                                      | 2,50,000                                      |
| For certification  | 1,86,000                                      | 1,78,000                                      |
| For expenses   | 61,368  | 63,794  |
|  | 4,97,368                                      | 4,91,794                                      |

12 Details of foreign currency exposures that are not hedged by a derivative instruments or otherwise :

| Sl. No | Particulars                           | Type of foreign Currency | 2008-2009                  |                             | 2007-2008                  |                             |
|--------|---------------------------------------|--------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|        |                                       |                          | Amount in foreign Currency | Equivalent amount in Rupees | Amount in foreign Currency | Equivalent amount in Rupees |
| 1      | Long term borrowings                  | USD                      | 601445                     | 3,08,96,230                 | 1026445                    | 4,10,78,329                 |
| 2      | Payables for supplies and services    | USD                      | 264550                     | 1,35,89,958                 | 264550                     | 1,05,87,310                 |
| 3      | Receivables for supplies and services | USD                      | -                          | -                           | 529509                     | 2,10,05,640                 |
|        |                                       | EURO                     | -                          | -                           | 481637                     | 3,00,87,867                 |
| 4      | Loans and advances                    | USD                      | 1284969                    | 6,51,47,928                 | 1244969                    | 4,93,87,921                 |
|        |                                       | EURO                     | 312694                     | 2,09,56,752                 | 312694                     | 1,95,33,994                 |
| 5      | Bank guarantees                       | USD                      | -                          | -                           | 46850                      | 18,74,937                   |
|        |                                       | EURO                     | 24900                      | 17,04,405                   | 25200                      | 15,96,420                   |

## Premier Explosives Limited

### 13 INFORMATION ON EMPLOYEE BENEFITS AS REQUIRED UNDER ACCOUNTING STANDARD 15 (REVISED):

|   | 2008-2009   | 2007-2008   |
|---|-------------|-------------|
| <b>Defined contribution plans:</b>  |             |             |
| Contribution to providend fund  | 68,93,852   | 52,23,631   |
| <b>Defined benefit plans:</b>   |             |             |
| <b>Gratuity:</b>  |             |             |
| Disclosures (as per actuary certification)                                    |             |             |
| <b>PROFIT AND LOSS ACCOUNT:</b>   |             |             |
| Current service cost  | 9,99,124    | 5,51,048    |
| Interest cost on benefit obligation   | 10,36,911   | 5,93,367    |
| Expected return on plan assets  | (6,19,289)  | NIL         |
| Net Actuarial (gain), loss recognised in the year                             | 14,44,316   | 43,99,895   |
| Past services cost  | NIL         | NIL         |
| Net benefit expenses  | 28,61,062   | 55,44,310   |
| <b>BALANCE SHEET:</b>   |             |             |
| Change in the present value of the defined benefit obligation are as follows: |             |             |
| Opening defined benefit obligation  | 1,29,61,395 | 74,17,085   |
| Interest cost   | 10,36,911   | 5,93,367    |
| Current services cost   | 9,99,124    | 5,81,048    |
| Benefits Paid   | (1,27,587)  | NIL         |
| Actuarial (gain)/losses on obligation   | 14,44,316   | 43,99,895   |
| Closing defined benefit obligation  | 1,63,14,159 | 1,29,61,395 |
| <b>The principal assumptions used in determining gratuity</b>                 | %           | %           |
| Salary rise   | 4           | 4           |
| Discount rate   | 8           | 8           |
| Attrition rate  | 4           | 4           |
| <b>Defined benefit plans:</b>   |             |             |
| <b>Leave Encashment:</b>  |             |             |
| Disclosures (as per actuary certification)                                    |             |             |
| <b>PROFIT AND LOSS ACCOUNT:</b>   |             |             |
| Current service cost  | 61,252      | 3,23,239    |
| Interest cost on benefit obligation   | 1,30,215    | 2,16,991    |
| Expected return on plan assets  | Nil         | -           |
| Net Actuarial (gain), loss recognised in the year                             | 14,077      | (16,24,927) |
| Past services cost  | Nil         | -           |
| Net benefit expenses  | 2,05,544    | (10,84,697) |
| <b>BALANCE SHEET:</b>   |             |             |
| Change in the present value of the defined benefit obligation are as follows: |             |             |
| Opening defined benefit obligation  | 16,27,694   | 27,12,391   |
| Interest cost   | 1,30,215    | 2,16,991    |
| Current services cost   | 61,252      | 3,23,239    |
| Actuarial (gain)/losses on obligation   | 14,077      | (16,24,927) |
| Closing defined benefit obligation  | 18,33,238   | 16,27,694   |
| <b>The principal assumptions used in determining gratuity</b>                 | %           | %           |
| Salary rise   | 4           | 4           |
| Discount rate   | 8           | 8           |
| Attrition rate  | 4           | 4           |
| <b>State Plans</b>  |             |             |
| Contribution to E.S.I   | 25,18,840   | 18,85,604   |

## Premier Explosives Limited

### 14 Segmental Reporting:

- a) Company business consists of single reportable segment viz. Manufacture of explosives.
- b) As part of secondary reporting, revenues are attributed to geographic areas based on the location of the customers as detailed below:

| Particulars | 2008-09      |        | 2007-08      |        |
|-------------|--------------|--------|--------------|--------|
|             | Rs.          | %      | Rs.          | %      |
| Domestic    | 73,18,77,261 | 95.04  | 60,88,08,582 | 94.61  |
| Exports     | 3,82,07,476  | 4.96   | 3,46,73,108  | 5.39   |
|             | 77,00,84,737 | 100.00 | 64,34,81,690 | 100.00 |

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

- 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 the disclosure of transactions with the related party as defined in the accounting standard are given below :

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

- a) **Key Management Personnel :**
  - Mr.A.N.Gupta
  - Mr. T.V.Chowdary
  - Mr. K.Chalil
- b) **Relatives of Key Management Personnel :**
  - Dr. (Mrs.) Kailash Gupta
  - Mrs. Shonika Gupta
  - Mrs. Parvathi Latish
  - Mrs.T.Malati
  - Ms.T.Shruti
  - Mr.T.Lohit
  - Mrs.P.P.Malu
- c) **Concerns in which key management personnel have substantial interest (Significant Interest entities) :**
  - Amar Leasing
  - A. N. Gupta (HUF)
  - Godavari Farms & Planitations
- d) **Concerns in which relatives of key management personnel have substantial interest (Significant Interest entities) :**
  - Godavati Explosives Limited
  - Ask Consultants Private Limited
  - Aims
  - Team Industries
- e) **Concerns in which the company has substantial interest :**
  - Premier Explochem Limited
  - VTL Premier Pyrotechnics Limited
- f) **Joint Ventures :**
  - Premier Georgia Limited
  - Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S.
- g) **Subsidiary Company**
  - Premier Wire Products Limited



## Premier Explosives Limited

### II Details of Transactions with the Related Parties:

| Sl. No. | Name of the Related Party / Nature of Transaction   | 2008-2009                 |                        | 2007-2008                 |                        |
|---------|---|---------------------------|------------------------|---------------------------|------------------------|
|         |   | Amount of Transaction Rs. | Amount Outstanding Rs. | Amount of Transaction Rs. | Amount Outstanding Rs. |
| 1.      | <b>Subsidiary Company</b>   |                           |                        |                           |                        |
|         | Rent paid   | 57,500                    | 1,10,40,094 Dr         | -                         | -                      |
|         | Investment  | 60,00,000                 |                        | -                         |                        |
|         | Sale of fixed assets  | 2,00,000                  |                        | -                         |                        |
|         | Lease rent received   | 19,500                    |                        | -                         |                        |
|         | Interest recovered  | 9,79,488                  |                        | -                         |                        |
|         | Purchase of raw materials   | 24,56,587                 |                        | -                         |                        |
|         | Loan given  | 1,00,00,000               |                        | -                         |                        |
|         | Purchase of consumables   | 79,908                    |                        | -                         |                        |
|         | Staff cost recovered  | 1,35,500                  |                        | -                         |                        |
| 2       | <b>Key Management Personnel</b>   |                           |                        |                           |                        |
|         | Managerial remuneration   | 76,34,237                 | 17,76,128 Cr           | 65,12,225                 | 35,71,371 Cr           |
|         | Acceptance of unsecured loans   | 16,70,000                 |                        | -                         |                        |
|         | Interest paid   | 1,70,463                  |                        | 4,25,603                  |                        |
|         | Repayment of unsecured loans  | 31,50,000                 |                        | 15,00,000                 |                        |
| 3       | <b>Relatives of Key Management Personnel</b>  |                           |                        |                           |                        |
|         | Sitting fees  | 35,000                    | 1,38,85,738 Cr         | 35,000                    | 1,46,54,619 Cr         |
|         | Acceptance of unsecured loans   | 10,47,000                 |                        | 88,82,000                 |                        |
|         | Repayment of unsecured loans  | 24,71,000                 |                        | 68,78,000                 |                        |
|         | Interest paid   | 15,92,007                 |                        | 15,52,804                 |                        |
| 4       | <b>Concerns in which Key Management Personnel have substantial interest (Significant interest entities)</b> |                           |                        |                           |                        |
|         | Acceptance of unsecured loans   | 12,00,000                 | 37,73,255 Cr           | 14,51,000                 | 26,72,412 Cr           |
|         | Repayment of unsecured loans  | 3,40,000                  |                        | 12,29,000                 |                        |
|         | Interest paid   | 3,53,505                  |                        | 2,98,160                  |                        |
|         | Miscellaneous income  | 10,824                    |                        | 9,160                     |                        |
|         | Share application money   | -                         |                        | 49,88,798                 |                        |
|         | Lease rent paid   | 50,000                    |                        | -                         |                        |

Premier Explosives Limited

| Sl. No.            | Name of the Related Party / Nature of Transaction   | 2008-2009                 |                        | 2007-2008                 |                        |
|--------------------|---|---------------------------|------------------------|---------------------------|------------------------|
|                    |   | Amount of Transaction Rs. | Amount Outstanding Rs. | Amount of Transaction Rs. | Amount Outstanding Rs. |
| 5                  | <b>Concerns in which relatives of Key Management Personnel have substantial interest</b><br>(Significant interest entities) |                           |                        |                           |                        |
|                    | Jobwork charges paid  | 17,32,830                 | 43,91,433 Dr           | 8,78,680                  | 64,09,993 Dr           |
|                    | Staff cost paid   | -                         |                        | -                         |                        |
|                    | Other expenses paid   | 4,25,576                  |                        | 3,89,957                  |                        |
|                    | Finance charges paid  | -                         |                        | -                         |                        |
|                    | Lease rent paid   | 18,00,000                 |                        | 18,00,000                 |                        |
|                    | Purchase of fixed assets  | -                         |                        | -                         |                        |
|                    | Acceptance of unsecured loans   | -                         |                        | 37,00,000                 |                        |
|                    | Repayment of unsecured loans  | -                         |                        | 37,00,000                 |                        |
|                    | Interest paid   | -                         |                        | 1,03,268                  |                        |
|                    | Interest recovered  | 6,03,062                  |                        | 12,262                    |                        |
|                    | Rent deposit  | -                         |                        | 68,00,000                 |                        |
| 6                  | <b>Concerns in which the company has substantial interest</b>   |                           |                        |                           |                        |
|                    | Debit balance written off   | 2,54,94,036               |                        | -                         | 2,54,94,036 Dr         |
|                    | Provision for doubtful advances no longer required  | 2,54,94,036               |                        | -                         |                        |
|                    | Purchase of raw Materials   | -                         |                        | 8,26,286                  |                        |
|                    | Sale of raw materials   | -                         |                        | 1,96,508                  |                        |
|                    | Investment  | 2,48,000                  |                        | -                         |                        |
| 7                  | <b>Joint Ventures</b>   |                           |                        |                           |                        |
|                    | Loan given  | 17,29,558                 | 8,61,04,680 Dr         | 1,53,60,261               | 10,39,49,068 Dr        |
|                    | Investment  | -                         |                        | 4,50,735                  |                        |
|                    | Sale of goods   | -                         |                        | 20,49,429                 |                        |
|                    | Bad debts written off   | 3,06,33,833               |                        | -                         |                        |
|                    | Royalty received  | -                         |                        | 2,47,965                  |                        |
|                    | Sale of machinery and spares  | -                         |                        | 93,550                    |                        |
|                    | Royalty receivable written off  | 2,48,090                  |                        | -                         |                        |
|                    | Provision for diminution in book value of investments   | 27,81,546                 |                        | -                         |                        |
|                    | Provision for doubtful interest receivable  | 1,60,70,707               |                        | -                         |                        |
|                    | Technical know-how fees receivable written off  | 39,67,000                 |                        | -                         |                        |
| Interest recovered | -   |                           | 84,40,138              |                           |                        |

## Premier Explosives Limited

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

| Sl.No. | PARTICULARS  | 2008-09<br>Rs. | 2007-08<br>Rs. |
|--------|--|----------------|----------------|
| 1      | <b>Acceptance of unsecured loans</b>                     |                |                |
|        | Mr.A.N.Gupta   | 16,70,000      | -              |
|        | A.N.Gupta(HUF)   | 12,00,000      | 14,51,000      |
|        | P.P.Malu   | 9,80,000       | -              |
|        | Dr. Kailash Gupta  | -              | 37,69,000      |
|        | Mrs. Shonika Gupta                                       | -              | 51,13,000      |
|        | Godavari Explosives Limited                              | -              | 37,00,000      |
| 2      | <b>Bad debts written off</b>                             |                |                |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S | 2,03,59,161    | -              |
|        | Premier Georgia Limited                                  | 1,02,74,672    | -              |
| 3      | <b>Interest received</b>                                 |                |                |
|        | Premier Wire Products Limited                            | 9,79,488       | -              |
|        | Godavari Explosives Limited                              | 6,03,062       | 12,262         |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S | -              | 13,46,705      |
|        | Premier Georgia Limited                                  | -              | 70,93,433      |
| 4      | <b>Interest paid</b>                                     |                |                |
|        | A.N.Gupta (HUF)  | 3,53,505       | 2,98,160       |
|        | Dr. Kailash Gupta  | 5,58,572       | 5,08,209       |
|        | Mrs. Shonika Gupta                                       | 8,29,929       | 8,36,792       |
|        | Mr.A.N.Gupta   | 1,70,463       | 4,25,603       |
| 5      | <b>Provision for doubtful Interest receivable</b>        |                |                |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S | 21,37,536      | -              |
|        | Premier Georgia Limited                                  | 1,39,33,171    | -              |
| 6      | <b>Lease rent received</b>                               |                |                |
|        | Premier Wire Products Limited                            | 19,500         | -              |
|        | Godavari Farms & Plantations                             | 10,824         | 9,160          |
| 7      | <b>Job work charges paid</b>                             |                |                |
|        | Ask Consultants Private Limited                          | 3,20,377       | 5,66,677       |
|        | Aims   | 3,67,439       | 3,12,004       |
|        | Team Industries  | 10,45,015      | -              |
| 8      | <b>Lease rent paid</b>                                   |                |                |
|        | Godavari Explosives Limited                              | 18,00,000      | 18,00,000      |
| 9      | <b>Loans given</b>                                       |                |                |
|        | Premier Wire Products Limited                            | 1,00,00,000    | -              |
|        | Premier Georgia limited                                  | 17,29,558      | 42,72,313      |
|        | Premier Sentas Patlayici Maddeler Ticaret Ve Sanayi A.S  | -              | 1,10,87,948    |
| 10     | <b>Remuneration including perquisites</b>                |                |                |
|        | Mr.A.N.Gupta   | 40,79,321      | 31,83,463      |
|        | Mr. T.V Chowdary   | 18,61,814      | 16,34,315      |
|        | Mr. K.Chalil   | 16,93,102      | 15,43,783      |
| 11     | <b>Rent paid</b>   |                |                |
|        | Premier Wire Products Limited                            | 57,500         | -              |

## Premier Explosives

| Sl.No. | PARTICULARS  | 2008-09<br>Rs. | 2007-08<br>Rs. |
|--------|--|----------------|----------------|
| 12     | <b>Repayment of unsecure loans</b>                           |                |                |
|        | Mr.A.N.Gupta   | 31,50,000      | 15,00,000      |
|        | Mrs. Shonika Gupta   | 12,50,000      | 38,05,000      |
|        | P.P.Malu   | 9,17,000       | 2,70,000       |
|        | Dr. Kailash Gupta  | 2,50,000       | 28,03,000      |
|        | Godavari Explosives Limited                                  | -              | 37,00,000      |
| 13     | <b>Technical know-how fees receivable written off</b>        |                |                |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S     | 19,83,500      | -              |
|        | Premier Georgia Limited                                      | 19,83,500      | -              |
| 14     | <b>Royalty receivable written off</b>                        |                |                |
|        | Premier Georgia Limited                                      | 2,48,090       | -              |
| 15     | <b>Provision for diminution in book value of investments</b> |                |                |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S     | 27,81,546      | -              |
| 16     | <b>Investment</b>  |                |                |
|        | Premier Wire Products Limited                                | 60,00,000      | -              |
|        | Premier Georgia Limited                                      | -              | 4,50,735       |
| 17     | <b>Debit balance written off</b>                             |                |                |
|        | Premier Explochem Limited                                    | 2,54,94,036    | -              |
| 18     | <b>Provision for doubtful advances no longer required</b>    |                |                |
|        | Premier Explochem Limited                                    | 2,54,94,036    | -              |
| 19     | <b>Sale of machinery and spares</b>                          |                |                |
|        | Premier Wire Products Limited                                | 2,00,000       | -              |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S     | -              | 1,29,361       |
|        | Premier Georgia Limited                                      | -              | 93,550         |
|        | Premier Explochem Limited                                    | -              | 1,96,508       |
| 20     | <b>Sitting fees</b>  |                |                |
|        | Dr.Kailash Gupta   | 35,000         | 35,000         |
| 21     | <b>Staff cost recovered</b>                                  |                |                |
|        | Premier Wire Products Limited                                | 1,35,500       | -              |
| 22     | <b>Transport charges paid</b>                                |                |                |
|        | Ask Consultants Private Limited                              | 4,19,576       | 3,89,957       |
| 23     | <b>Purchase of materials</b>                                 |                |                |
|        | Premier Wire Products Limited                                | 4,56,587       | -              |
|        | Premier Explochem Limited                                    | -              | 8,26,286       |
| 24     | <b>Royalty received</b>                                      |                |                |
|        | Premier Georgia Limited                                      | -              | 2,47,965       |
| 25     | <b>Sale of goods</b>   |                |                |
|        | Premier Georgia Limited                                      | -              | 19,20,068      |
| 26     | <b>Share application money</b>                               |                |                |
|        | Premier Wire Products Limited                                | -              | 49,88,798      |
| 27     | <b>Other expenses recovered</b>                              |                |                |
|        | Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S     | -              | 41,733         |
| 28     | <b>Rent advance</b>  |                |                |
|        | Godavari Explosives Limited                                  | -              | 68,00,000      |
| 29     | <b>Sale of consumables</b>                                   |                |                |
|        | Premier Wire Products Limited                                | 79,908         | -              |

## Premier Explosives Limited

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

#### Operating Lease Expenses:

The company has various operating leases for equipments, office facilities and vehicles that are renewable on a periodic basis by mutual consent on mutually agreeable terms and cancellable at its option. Rental expenses for operating leases recognised in the Profit and Loss Account for the year is Rs.2,42,447/- (Previous Year :Rs.2,64,000/-)

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

|  | Year ended<br>31.03.2009 | Year ended<br>31.03.2008 |
|--|--------------------------|--------------------------|
| - Profit attributable to the Equity Shareholders (Rs.) - (A)                       | 2,86,05,728              | 5,82,87,674              |
| - Basic/Weighted average number of Equity Shares outstanding during the year - (B) | 81,26,393                | 81,26,576                |
| - Nominal value Equity Shares (Rs)   | 10                       | 10                       |
| - Earnings per Share (Rs.) - (A)/(B)   | 3.52                     | 7.17                     |

### 18 (i) Provision for current tax has been made based on an estimate of assessable income determined by the company under the Income Tax Act, 1961.

### (ii) The Company estimates the deferred tax charge/(Credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year.

The movement of provision for deferred tax is given below :

| Particulars  | Opening<br>as at<br>01.04.2008 | Charge/<br>(Credit)<br>during the year | Closing<br>as<br>at 31.03.2009 |
|--|--------------------------------|--|--------------------------------|
| <b>A. Deferred tax liabilities:</b>  |                                |  |                                |
| Depreciation   | 4,36,29,614                    | 14,98,353                              | 4,51,27,967                    |
| <b>Total - A</b>   | <u>4,36,29,614</u>             | <u>14,98,353</u>                       | <u>4,51,27,967</u>             |
| <b>B. Deferred tax assets:</b>   |                                |  |                                |
| (a) Expenses debited to the Profit and Loss Account in a year but allowable is deductible expenses for tax purposes in the subsequent years as reduced by the claims allowable in the current year in respect of such expenses on a payment basis. | 63,01,886                      | 14,57,115                              | 77,59,001                      |
| (b) Others   | 94,65,335                      | (13,62,031)                            | 81,03,304                      |
| <b>Total - B</b>   | <u>1,57,67,221</u>             | <u>95,084</u>                          | <u>1,58,62,305</u>             |
| <b>TOTAL - (A - B)</b>   | <u>2,78,62,393</u>             | <u>14,03,269</u>                       | <u>2,92,65,662</u>             |

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

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

| Name   | Country of Incorporation | Percentage of ownership interest as at 31 st March 2009 |
|--|--------------------------|---|
| Premier Georgia Limited                                  | Georgia                  | 45%   |
| Premier Sentas Patalayici Maddeler Ticaret Ve Sanayi A.S | Turkey                   | 50%   |

The company's interest in the joint ventures are reported as long term investments (Schedule 7). The company's share of each of the assets, liabilities, income and expenses, etc. related to its interests in the joint ventures are not given as audited/unaudited financial statements are not available.

- 20 Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Schedule 23 "Increase/(Decrease) in stocks".
- 21 Information as required under part IV of Schedule VI of the Companies Act, 1956 is given in Annexure A.

## Premier Explosives Limited

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### 26 SIGNIFICANT ACCOUNTING POLICIES

(a) **Accounting convention:**

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

(b) **Fixed assets :**

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

(c) **Depreciation :**

(i) Depreciation is charged in the accounts under Straight Line Method in accordance with rates specified in Schedule XIV of the Companies Act, 1956.

(ii) Additional depreciation is charged on the increased amount of assets due to revaluation to the Revaluation Reserve created on the revaluation of the said assets

(iii) Depreciation has been provided at one hundred percent for assets of cost less than Rs. 5,000/-.

(iv) Leasehold Land is amortised over the lease period.

(d) **Intangible assets and amortisation :**

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

(e) **Inventories:**

(i) Inventories are valued at cost or net realisable value whichever is lower except the scrap which is valued at net realisable value. Cost is determined using average cost method.

(ii) Stationery, uniforms and canteen expenses are charged off to the revenue at the time of purchase.

(f) **Borrowing Costs:**

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

(g) **Investments:**

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

(h) **Revenue recognition:**

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

(i) **Sales :**

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

(ii) **Interest:**

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

(iii) **Dividend:**

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

(i) **Excise duty :**

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

(j) **Employee benefits :**

**Defined contribution plans:**

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

**Defined benefit plans:**

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

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

**Short term employee benefits:**

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

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

(k) **Foreign exchange transactions :**

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

(l) **Research and development:**

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

(m) **Operating leases :**

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

(n) **Taxation :**

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



## Premier Explosives Limited

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(a) **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.

(b) **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.

(c) **Fringe Benefits Tax**

The provision for Fringe Benefits Tax is made in respect of employee benefits and other specified expenses as determined under the Income Tax Act, 1961.

(o) **Contingent liabilities :**

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

(p) **Provisions :**

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

(q) **Earnings per share :**

Earnings Per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

(r) **Use of estimates :**

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

**Signatures to Schedule 1 to 26**

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Per our report of even date  
for M.R. DEVINENI & CO.,  
Chartered Accountants

P.V.R.K. NAGESWARA RAO  
Partner

Date : 29.06.2009

Place : Secunderabad.

A.N. GUPTA  
Chairman & Managing Director

B. SOMASEKHARA RAO  
Vice President (Finance) and  
Company Secretary

T.V. CHOWDARY  
Executive Director

ANNEXURE- A

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

I. Registration details

Registration No. 2633 State Code 01  
Balance sheet date 31.03.2009

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

Public issue : NIL Rights issue : NIL  
Bonus issue : NIL Private placement : NIL

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

Total liabilities 363214 Total assets 363214

Sources of funds

Paid-up capital 81227 Reserves and surplus 159632  
Secured loans 62742 Unsecured loans 30347  
Deferred tax liability 29266

Application of funds

Net fixed assets 203432 Net current assets 149466  
Investments 10316 Misc. expenditure NIL

Accumulated losses NIL

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

Turnover/other income 707737 Total expenditure 646521  
Profit before tax 61216 Profit after tax 28606  
Earning per share in Rs. 3.52 Dividend rate 15%

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

### Statement under section 212 of the Companies Act, 1956

| Sl.No. | Name of subsidiary  | Premier Wire Products Ltd. |
|--------|---|----------------------------|
| 1      | Financial year of the Subsidiary ended on   | 31.03.2009                 |
| 2      | Extent of the interest of the company in the subsidiary at the end of the financial year                                      |                            |
|        | a) Number of shares in the subsidiary company held by Premier Explosives Limited  | 6,00,000                   |
|        | b) Shareholding percent in the subsidiary held by Premier Explosives Limited  | 60                         |
| 3      | The Net aggregate of profits/(loss) of the subsidiary company so far as it concerns the members of Premier Explosives Limited |                            |
|        | a. Not Dealt with in the account of Premier Explosives Limited to   |                            |
|        | (i) For the financial year ended 31.03.2009 (Rs. in thousands)  | (926)                      |
|        | (ii) For the Previous Financial years since it became a subsidiary (Rs. in thousands)   | Nil                        |
|        | b. Dealt with in the account of Premier Explosives Limited to   |                            |
|        | (i) For the financial year ended 31.03.2009 (Rs. in thousands)  | Nil                        |
|        | (ii) For the Previous Financial years since it became a subsidiary (Rs. in thousands)   | Nil                        |

For Premier Explosives Limited

**A.N. GUPTA**  
Chairman & Managing Director

**T.V. CHOWDARY**  
Executive Director

**B. SOMASEKHARA RAO**  
Vice President (Finance) and  
Company Secretary

Place : Secunderabad.  
Date : 29.06.2009

**DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present the SECOND ANNUAL REPORT together with the Audited Accounts of the Company for the year ended 31st March, 2009.

**OPERATIONS:**

The Company commenced its commercial production on 12th February, 2009.

A brief summary of the results is given below:

(Rs in lakhs)

|                                       | 2008-09 |        |
|---------------------------------------|---------|--------|
| Sales and other income                |         | 33.66  |
| Loss before Interest and Depreciation |         | 10.53  |
| Finance Charges                       |         | 8.17   |
| Depreciation                          |         | 2.84   |
| Loss before tax                       |         | 21.54  |
| Less: Provision for taxation          |         | -      |
| Provision for deferred tax            | (6.36)  |        |
| Provision for fringe benefit tax      | 0.25    |        |
|                                       |         | (6.11) |
| Balance of loss carried forward       |         | 15.43  |

**CHANGE IN THE NAME:**

During the year the Company has changed the status from Private Limited to Public Limited with effect from 01.07.2009.

**DEPOSITS:**

Your Directors report that at the end of the year there were no deposits, which fell due but not paid.

**DIRECTORS:**

Mr K.Chalil retires by rotation and being eligible offers himself for reappointment.

**AUDITORS:**

The Auditors M/s. P.V.R.K. NAGESWARA RAO & CO., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## **Premier Wire Products Ltd.**

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### **STATUTORY INFORMATION:**

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

### **INFORMATION PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.**

Your Directors confirm that -

- (i) the applicable accounting standards have been followed in preparation of annual accounts;
- (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 2009 and of the Loss of the Company for the year ended on that date.
- (iii) proper and sufficient care have 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.

### **EMPLOYEES:**

The Company has no employee drawing remuneration beyond the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

For and on behalf of the Board

**T V CHOWDARY**  
Director

**B SOMASEKHARA RAO**  
Director

SECUNDERABAD  
09.05.2009

ANNEXURE TO 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'):

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

Form A (See Rule 2)

Form for the disclosure of particulars with respect to conservation of energy:

|  | For the period<br>12.02.2009 to<br>31.03.2009 |
|--|---|
| a) POWER AND FUEL CONSUMPTION                                |   |
| 1. Electricity   |   |
| (A) Purchased units (million)                                | 0.32  |
| Total amount (Rs. in million)                                | 0.06  |
| Rate/unit (Rs.)  | 5.57  |
| (B) Own generation   |   |
| (i) Through diesel generator units                           | -   |
| Liters diesel oil  | -   |
| Cost/unit  | -   |
| (ii) Through steam turbine/generator                         | N.A.  |
| 2. COAL (specify quality & where used)                       | N.A.  |
| b) 1. Technology absorption (Form 'B'):                      | N.A.  |
| 2. Expenditure on R & D                                      |   |
| a) Capital :   | NIL   |
| b) Recurring:  | NIL   |
| c) Total   | NIL   |
| d) Total R & D expenditure as a percentage of total turnover | NIL   |
| 3. Technology absorption, adaptation and innovation:         | N.A.  |
| C) Foreign exchange earnings and outgo:                      |   |
| 1. Foreign exchange earnings:                                | NIL   |
| 2. Foreign exchange outgo:                                   | NIL   |

**AUDIT REPORT**

To  
The Members of  
**PREMIER WIRE PRODUCTS LIMITED**

1. We have audited the attached Balance Sheet of PREMIER WIRE PRODUCTS LIMITED as at 31st March, 2009, 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.
  - v) On the basis of the written representations received from the directors, as on 31.03.2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 st March, 2009 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, 2009;
- b) in the case of Profit and Loss Account of the Loss 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

Place : HYDERABAD  
Date : 09.05.2009

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 WIRE  
PRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2009**

- 1 (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.  
(c) The Company has not disposed off any fixed assets during the year.
- 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.  
(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 has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.  
(b) The Company has taken unsecured loans of Rs.1,00,00,000 /- from one party listed in the register maintained under section 301 of the Companies Act, 1956.



## **Premier Wire Products Ltd.**

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- (c) 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.
- (d) 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. 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.
- 5 (a) According to the information and explanations given to us, 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 not accepted any deposits from the public covered by the directives issued by the Reserve bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under where applicable and issuance of Order by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard does not arise.
- 7 In our opinion and according to the information and explanations given to us, the Company does not have paid up capital and reserves exceeding Rs. 50 lakhs as at the commencement of the financial year, hence the provisions of Clause 4 (vii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for this year.
- 8 In respect of this Company maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
- 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, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities, though there have been delays in few cases and in respect of these statutory dues, there are no outstanding dues as on 31.3.2009 which are outstanding for a period of more than six months from the date they became payable. As confirmed by the Company, the provisions of the Investor Education and Protection Fund, Employees State Insurance, Wealth Tax and Customs duty are not applicable to the Company for this year.
- (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, Sales Tax, Income Tax, Wealth Tax, Service Tax and Cess which has not been deposited on account of dispute as on 31.3.2009.

- 10 The provisions of Clause 4 (x) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- 11 During the year the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.
- 12 As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
- 13 In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for this year.
- 14 According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 15 As per the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 According to the 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 and cash flow statement of the company, we report that the funds raised on short term basis have not been used for long term investments.
- 18 The Company has made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Companies Act, 1956 during the year. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interests of the Company.
- 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

Place : HYDERABAD  
Date : 09.05.2009

P V R K NAGESWARA RAO  
Partner  
Membership No. 18840

**Premier Wire Products Ltd.**

**BALANCE SHEET AS AT 31ST MARCH, 2009**

|  | Sche-<br>dule<br>No. | As at<br>31st March, 2009<br>Rs. | As at<br>31st March, 2008<br>Rs. | As at<br>31st March, 2008<br>Rs. |
|--|----------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>I SOURCES OF FUNDS :</b>                    |                      |                                  |                                  |                                  |
| <b>SHARE HOLDERS' FUNDS:</b>                   |                      |                                  |                                  |                                  |
| Share capital                                  | 1                    | 1,00,00,000                      |                                  | 1,25,000                         |
| Share Application Money                        |                      | 9,00,000                         | 1,09,00,000                      | 56,76,798                        |
|  |                      |                                  |                                  | 58,01,798                        |
| <b>LOAN FUNDS :</b>                            |                      |                                  |                                  |                                  |
| Secured Loans                                  | 2                    | 3,09,97,829                      |                                  | -                                |
| Unsecured Loans                                | 3                    | 1,00,00,000                      | 4,09,97,829                      | -                                |
|  |                      |                                  | 5,18,97,829                      | 58,01,798                        |
| <b>II APPLICATION OF FUNDS:</b>                |                      |                                  |                                  |                                  |
| <b>FIXED ASSETS:</b>                           |                      |                                  |                                  |                                  |
| Gross block                                    | 4                    | 4,76,85,868                      |                                  | 10,30,060                        |
| Less: Depreciation                             |                      | 2,99,677                         |                                  | -                                |
| <b>NET BLOCK</b>                               |                      | 4,73,86,191                      |                                  | 10,30,060                        |
| Unallocated expenditure pending capitalisation | 5                    | -                                | 4,73,86,191                      | 3,30,481                         |
|  |                      |                                  | 6,36,316                         | -                                |
| <b>DEFERRED TAX ASSET (NET)</b>                |                      |                                  |                                  |                                  |
| <b>NET CURRENT ASSETS :</b>                    |                      |                                  |                                  |                                  |
| <b>CURRENT ASSETS, LOANS AND ADVANCES:</b>     |                      |                                  |                                  |                                  |
| Interest accrued on Deposits                   |                      | 13,101                           |                                  | -                                |
| Inventories                                    | 7                    | 42,74,097                        |                                  | -                                |
| Cash and bank balances                         | 8                    | 61,717                           |                                  | 3,25,299                         |
| Loans and advances                             | 9                    | 54,66,036                        |                                  | 40,57,470                        |
|  |                      | 98,14,951                        |                                  | 43,82,769                        |
| Less: Current liabilities and provisions       |                      |                                  |                                  |                                  |
| Current liabilities                            | 10                   | 73,01,596                        |                                  | 37,382                           |
| Provisions                                     | 11                   | 1,80,533                         |                                  | -                                |
|  |                      | 74,82,129                        |                                  | 37,382                           |
| <b>NET CURRENT ASSETS</b>                      |                      |                                  | 23,32,822                        | 43,45,387                        |
| MISCELLANEOUS EXPENDITURE                      | 12                   |                                  | -                                | 95,870                           |
| <b>PROFIT AND LOSS ACCOUNT (DEFICIT)</b>       |                      |                                  | 15,42,500                        | -                                |
|  |                      |                                  | 5,18,97,829                      | 58,01,798                        |
| Notes to accounts                              | 21                   |                                  |                                  |                                  |
| Significant accounting policies                | 22                   |                                  |                                  |                                  |

Per our report of even date  
for P V R K Nageswara Rao & Co.,  
Chartered Accountants

P.V.R.K. NAGESWARA RAO  
Partner

T.V.CHOWDARY  
Director

B.SOMASEKHARA RAO  
Director

Date : 09-05-2009

Place : Secunderabad.

**Premier Wire Products Ltd.**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

|  | Schedule No. | For the period ended<br>31st March, 2009 |                   |
|--|--------------|--|-------------------|
|  |              | Rs.                                      | Rs.               |
| <b>I INCOME :</b>                                |              |  |                   |
| Gross sales                                      |              |  | 36,46,415         |
| Less:Excise Duty                                 |              |  | 2,92,034          |
| Net Sales  |              |  | 33,54,381         |
| Other income                                     | 13           |  | 11,918            |
|  |              |  | <u>33,66,299</u>  |
| <b>II EXPENDITURE :</b>                          |              |  |                   |
| Materials consumed                               | 14           |  | 27,16,223         |
| Packing material consumed                        |              |  | 10,231            |
| Manufacturing expenses                           | 15           |  | 19,08,699         |
| Expenses on employees                            | 16           |  | 6,95,848          |
| Other expenses                                   | 17           |  | 3,64,111          |
| Selling expenses                                 | 18           |  | 16,487            |
| Finance charges                                  | 19           |  | 8,16,893          |
| (Increase) in Stocks                             | 20           |  | (12,92,802)       |
| Depreciation                                     |              |  | 2,84,425          |
|  |              |  | <u>55,20,115</u>  |
| <b>III NET LOSS BEFORE TAX</b>                   |              |  | 21,53,816         |
| <b>Income Tax Expense:</b>                       |              |  |                   |
| Current tax                                      |              |  | -                 |
| Deferred tax Asset                               |              |  | (6,36,316)        |
|  |              |  | <u>(6,36,316)</u> |
| Fringe benefits tax                              |              | 25,000                                   | (6,11,316)        |
| <b>Balance of loss carried forward</b>           |              |  | <u>15,42,500</u>  |
| <b>Earnings/(Loss) per share (Basic/diluted)</b> |              |  | (2.78)            |
| (Nominal value:Rs.10/- per share)                |              |  |                   |
| Notes to accounts                                | 21           |  |                   |
| Significant accounting policies                  | 22           |  |                   |

Per our report of even date  
for P V R K Nageswara Rao & Co.,  
Chartered Accountants

P.V.R.K. NAGESWARA RAO  
Partner

T.V.CHOWDARY  
Director

B.SOMASEKHARA RAO  
Director

Date : 09-05-2009  
Place : Secunderabad.

**Premier Wire Products Ltd.****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

|  | 2008-2009<br>Rs.            |
|--|-----------------------------|
| <b>NET LOSS BEFORE TAX</b>                         | 21,53,816                   |
| <b>Adjustments for:</b>                            |                             |
| <b>Less:</b>                                       |                             |
| Depreciation                                       | 2,84,425                    |
| Preliminary expenses written off                   | 95,870                      |
| Interest expense                                   | 7,76,228                    |
| Interest income                                    | (3,882)                     |
| Operating loss before working capital changes      | <u>10,01,175</u>            |
| <b>ADJUSTMENTS FOR:</b>                            |                             |
| Increase in inventories                            | 42,74,096                   |
| Increase in loans and advances                     | 53,49,918                   |
| (Increase) in current liabilities                  | <u>(74,19,747)</u>          |
| Cash generated from operations                     | 32,05,442                   |
| Interest paid                                      | 7,76,228                    |
| Income tax paid                                    | 3,399                       |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b> | <u><u>(39,85,069)</u></u>   |
| Cash flow from investing activities:               |                             |
| Purchase of fixed assets                           | (4,63,22,693)               |
| Advance against capital items                      | 39,44,750                   |
| Interest earned                                    | 3,399                       |
| <b>CASH USED IN INVESTING ACTIVITIES (B)</b>       | <u><u>(4,23,74,544)</u></u> |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

|   | 2008-2009          |
|---|--------------------|
|   | Rs.                |
| <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>             |                    |
| Proceeds from long term borrowings                      | 2,61,74,112        |
| Proceeds from unsecured loans                           | 1,00,00,000        |
| Increase in working capital loans                       | 48,23,717          |
| Proceeds from share capital                             | 51,86,202          |
| Share application refunded                              | (88,000)           |
| <b>CASH GENERATED FROM FINANCING ACTIVITY (C)</b>       | <b>4,60,96,031</b> |
| Net increase in cash and cash equivalents (a+b+c)       | (2,63,582)         |
| Cash and cash equivalents at beginning of the year      | 3,25,299           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b> | <b>61,717</b>      |

**Notes:**

1. The cash flow statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard - 3 "Cash Flow Statement" issued by the institute of Chartered Accountants of India.
2. Notes to Accounts (Schedule 21) and Significant Accounting Policies (Schedule 22) form an integral part of Cash Flow Statement.

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

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

P.V.R.K. NAGESWARA RAO  
Partner

T.V.CHOWDARY  
Director

B.SOMASEKHARA RAO  
Director

Date : 09-05-2009  
Place : Secunderabad.

**Premier Wire Products Ltd.****SCHEDULES FORMING PART OF ACCOUNTS**

|   | As at<br>31st March, 2009<br>Rs. | As at<br>31st March, 2008<br>Rs. |
|---|----------------------------------|----------------------------------|
| <b>1 SHARE CAPITAL :</b>  |                                  |                                  |
| <b>AUTHORISED :</b>   |                                  |                                  |
| 10,00,000 Equity shares of<br>Rs.10/- each  | 1,00,00,000                      | 1,00,00,000                      |
| <b>ISSUED:</b>  |                                  |                                  |
| 10,00,000 Equity shares of Rs.10/- each   | 1,00,00,000                      | 1,00,00,000                      |
| <b>SUBSCRIBED:</b>  |                                  |                                  |
| 10,00,000(Previous year :12500)<br>Equity shares of Rs.10/- each fully paid up<br>(Of the above 6,00,000 Equity Shares of Rs 10/- each<br>have been held by Holding Company)                                      | 1,00,00,000                      | 1,25,000                         |
|   | <u>1,00,00,000</u>               | <u>1,25,000</u>                  |
| <b>2 SECURED LOANS :</b>  |                                  |                                  |
| <b>A. Term Loans:</b>   |                                  |                                  |
| From State Bank of India<br>(On hypothecation of plant and machinery and<br>equitable mortgage of factory land and buildings<br>(existing and future) and personal gurantee of<br>four directors of the Company.) | 2,59,17,950                      | -                                |
| <b>B. Working Capital Loans :</b>   |                                  |                                  |
| From State Bank of India<br>(On hypothecation of current assets and further<br>secured by second charge on fixes assets of the<br>Company and personal gurantee of four directors<br>of the Company.)             | 48,23,717                        | -                                |
| <b>C. Other Loans:</b>  |                                  |                                  |
| From HDFC Bank<br>(On the hypothecation of vehicle)   | 2,56,162                         | -                                |
|   | <u>3,09,97,829</u>               | <u>-</u>                         |
| <b>3 UNSECURED LOANS:</b>   |                                  |                                  |
| From a body corporate   | 1,00,00,000                      | -                                |
|   | <u>1,00,00,000</u>               | <u>-</u>                         |

4 FIXED ASSETS :

| Description of Assets  | GROSS BLOCK           |                           |                             | DEPRECIATION |                       | NET BLOCK        |                  |
|------------------------|-----------------------|---------------------------|-----------------------------|--------------|-----------------------|------------------|------------------|
|                        | Cost As at 01.04.2008 | Additions during the year | Total cost As at 31.03.2009 | For the Year | Total Upto 31.03.2009 | As at 31.03.2009 | As at 31.03.2008 |
|                        | Rs.                   | Rs.                       | Rs.                         | Rs.          | Rs.                   | Rs.              | Rs.              |
| LAND                   | 10,30,060             | -                         | 10,30,060                   | -            | -                     | 10,30,060        | 10,30,060        |
| ROADS AND BUILDINGS    | -                     | 1,75,16,361               | 1,75,16,361                 | 76,937       | 76,937                | 1,74,39,424      | -                |
| PLANT AND MACHINERY    | -                     | 2,87,85,381               | 2,87,85,381                 | 1,89,969     | 1,89,969              | 2,85,95,412      | -                |
| OFFICE EQUIPMENT       | -                     | 4,990                     | 4,990                       | 4,990        | 4,990                 | -                | -                |
| FURNITURE AND FIXTURES | -                     | 14,210                    | 14,210                      | 8,345        | 8,345                 | 5,865            | -                |
| VEHICLES               | -                     | 3,34,866                  | 3,34,866                    | 19,436       | 19,436                | 3,15,430         | -                |
| TOTAL                  | 10,30,060             | 4,66,55,808               | 4,76,85,868                 | 2,99,677     | 2,99,677              | 4,73,86,191      | 10,30,060        |
| PREVIOUS YEAR TOTAL    | -                     | 10,30,060                 | 10,30,060                   | -            | -                     | 10,30,060        | -                |

5 STATEMENT OF UNALLOCATED EXPENDITURE PENDING CAPITALISATION:

|  | Upto 31.03.08 | Additions during the period | Capitalised during the year |
|--|---------------|-----------------------------|-----------------------------|
|  | Rs.           | Rs.                         | Rs.                         |
| Travelling and conveyance                      | 10,186        | 1,83,913                    | 1,94,099                    |
| Salaries,bonus and other benefits to staff     | -             | 6,82,042                    | 6,82,042                    |
| Contribution to provident fund                 | -             | 3,423                       | 3,423                       |
| Electrical development charges                 | -             | 6,00,000                    | 6,00,000                    |
| Electricity charges                            | -             | 3,14,498                    | 3,14,498                    |
| Printing and stationery                        | 1,729         | 18,136                      | 19,865                      |
| Communication expenses                         | -             | 3,246                       | 3,246                       |
| Professional charges                           | 2,10,000      | 3,38,871                    | 5,48,871                    |
| Insurance                                      | -             | 25,314                      | 25,314                      |
| Rates and taxes                                | 86,075        | 1,57,446                    | 2,43,521                    |
| Vehicle maintenace                             | -             | 22,978                      | 22,978                      |
| Audit fee                                      | 11,236        | 0                           | 11,236                      |
| General expenses                               | 11,255        | 6,77,682                    | 6,88,937                    |
| Depreciation                                   | -             | 15,252                      | 15,252                      |
| Interest on fixed loans                        | -             | 9,36,237                    | 9,36,237                    |
| Finance charges                                | -             | 11,58,392                   | 11,58,392                   |
| Bank charges and commission                    | -             | 71,164                      | 71,164                      |
|  | 3,30,481      | 52,08,594                   | 55,39,075                   |
| Less: Rent received                            | -             | 49,464                      | 49,464                      |
| Less: Interest earned (gross) (TDS Rs.2,599/-) | -             | 12,618                      | 12,618                      |
|  | 3,30,481      | 51,46,512                   | 54,76,993                   |

Unallocated expenditure of Rs.54,76,993/- allocated to relevent capital assets.



## Premier Wire Products Ltd.

|  | As at            |                  | As at            |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31st March, 2009 | 31st March, 2008 | 31st March, 2008 | 31st March, 2008 |
|  | Rs.              | Rs.              | Rs.              | Rs.              |
| 6 DEFERRED TAX ASSET (NET):<br>(Refer note no.11 of schedule 21)                         |                  | 6,36,316         |                  | -                |
|  |                  | <u>6,36,316</u>  |                  | <u>-</u>         |
| 7 INVENTORIES :<br>(As certified by the management)                                      |                  |                  |                  |                  |
| Raw materials  |                  | 3,52,069         |                  | -                |
| Work-in-process  |                  | 7,31,427         |                  | -                |
| Finished goods   |                  | 6,07,633         |                  | -                |
| Stock of stores  |                  | 25,82,968        |                  | -                |
|  |                  | <u>42,74,097</u> |                  | <u>-</u>         |
| 8 CASH AND BANK BALANCES :   |                  |                  |                  |                  |
| Cash on hand   |                  | 53,505           |                  | 28,635           |
| Cash at scheduled banks :  |                  |                  |                  |                  |
| In current account   |                  | 8,212            |                  | 2,96,664         |
|  |                  | <u>61,717</u>    |                  | <u>3,25,299</u>  |
| 9 LOANS AND ADVANCES :   |                  |                  |                  |                  |
| (Unsecured, considered good, recoverable in cash or in kind or for value to be received) |                  |                  |                  |                  |
| Deposit with central excise authority (net)  |                  | 30,59,336        |                  | -                |
| Other advances and deposits  |                  | 22,83,501        |                  | 24,720           |
| Advance for capital works  |                  | 88,000           |                  | 40,32,750        |
| Prepaid taxes  |                  | 3,399            |                  | -                |
| Prepaid expenses   |                  | 31,800           |                  | -                |
|  |                  | <u>54,66,036</u> |                  | <u>40,57,470</u> |
| 10 CURRENT LIABILITIES :   |                  |                  |                  |                  |
| Dues of micro enterprises and small enterprises<br>(Refer note no.3 of schedule 21)      |                  | 23,130           |                  | -                |
| Dues of creditors other than micro enterprises and small enterprises                     |                  | 72,74,465        |                  | 37,382           |
| Advances from customers  |                  | 4,001            |                  | -                |
|  |                  | <u>73,01,596</u> |                  | <u>37,382</u>    |
| 11 PROVISIONS:   |                  |                  |                  |                  |
| Provision for Fringe Benefits Tax  |                  | 25,000           |                  | -                |
| Provision for gratuity and leave encashment  |                  | 1,55,533         |                  | -                |
|  |                  | <u>1,80,533</u>  |                  | <u>-</u>         |

**Premier Wire Products Ltd.**

|  | As at            |     | As at            |                             |
|--|------------------|-----|------------------|-----------------------------|
|  | 31st March, 2009 | Rs. | 31st March, 2008 | Rs.                         |
| <b>12 MISCELLANEOUS EXPENDITURE</b>          |                  |     |                  |                             |
| (To the extent not written off or adjusted)  |                  |     |                  |                             |
| Preliminary expenses                         | 95,870           |     | 95,870           |                             |
| Less: Amount written off during the year     | <u>95,870</u>    | -   | -                | 95,870                      |
|  |                  | -   |                  | <u>95,870</u>               |
|  |                  |     |                  | <u>95,870</u>               |
|  |                  |     |                  |                             |
|  |                  |     |                  | <b>For the period ended</b> |
|  |                  |     |                  | <b>31st March, 2009</b>     |
|  |                  |     |                  | <b>Rs. Rs.</b>              |
| <b>13 OTHER INCOME:</b>                      |                  |     |                  |                             |
| Interest earned (gross)                      |                  |     |                  | 3,882                       |
| (Tax deducted at source: Rs800/-)            |                  |     |                  |                             |
| Miscellaneous income                         |                  |     |                  | 8,036                       |
|  |                  |     |                  | <u>11,918</u>               |
| <b>14 MATERIALS CONSUMED:</b>                |                  |     |                  |                             |
| (a) Raw material consumed:                   |                  |     |                  |                             |
| Purchases                                    |                  |     |                  | 30,68,292                   |
| Less: Closing stock                          |                  |     |                  | <u>3,52,069</u>             |
|  |                  |     |                  | <u>27,16,223</u>            |
| <b>15 MANUFACTURING EXPENSES:</b>            |                  |     |                  |                             |
| Consumable stores                            |                  |     |                  | 6,25,614                    |
| Power and fuel                               |                  |     |                  | 9,77,379                    |
| Repairs and maintenance to :                 |                  |     |                  |                             |
| Plant and machinery                          |                  |     |                  | 2,18,925                    |
| Roads and buildings                          |                  |     |                  | 26,781                      |
| Equipment hire charges                       |                  |     |                  | 60,000                      |
|  |                  |     |                  | <u>19,08,699</u>            |
| <b>16 EXPENSES ON EMPLOYEES:</b>             |                  |     |                  |                             |
| Salaries, wages, gratuity and other benefits |                  |     |                  | 6,73,820                    |
| Workmen and staff welfare expenses           |                  |     |                  | 4,986                       |
| Contribution to provident fund               |                  |     |                  | 17,042                      |
|  |                  |     |                  | <u>6,95,848</u>             |

## Premier Wire Products Ltd.

|  | For the period ended<br>31st March, 2009 |                    |
|--|--|--------------------|
|  | Rs.                                      | Rs.                |
| <b>17 OTHER EXPENSES :</b>                               |  |                    |
| Travelling and conveyance                                |  | 60,191             |
| Professional charges                                     |  | 41,879             |
| Printing and stationery                                  |  | 3,534              |
| Communication expenses                                   |  | 3,897              |
| Rates and taxes  |  | 22,278             |
| Vehicle maintenance                                      |  | 12,829             |
| Carriage and freight                                     |  | 24,048             |
| Insurance  |  | 2,363              |
| Payments to auditors<br>(Refer note no.5 of schedule 21) |  | 50,000             |
| General expenses   |  | 47,222             |
| Preliminary expenses written off                         |  | 95,870             |
|  |  | <u>3,64,111</u>    |
| <b>18 SELLING EXPENSES :</b>                             |  |                    |
| Discount   |  | 16,487             |
|  |  | <u>16,487</u>      |
| <b>19 FINANCE CHARGES :</b>                              |  |                    |
| Interest on fixed loans                                  |  | 4,88,815           |
| Interest to others                                       |  | 2,87,413           |
| Bank charges and commission                              |  | 40,665             |
|  |  | <u>8,16,893</u>    |
| <b>20 (INCREASE) IN STOCKS :</b>                         |  |                    |
| Closing stock:   |  |                    |
| Finished goods   | 6,07,633                                 |                    |
| Work-in- process   | <u>7,31,427</u>                          | 13,39,060          |
| Excise duty adjustment on finished goods inventory       |  | 46,258             |
| (Increase) in stocks                                     |  | <u>(12,92,802)</u> |

## Premier Wire Products Ltd.

|  | For the year ended<br>31st March, 2009 | For the year ended<br>31st March, 2008 |
|--|--|--|
|  | Rs.                                    | Rs.                                    |

### 21 NOTES TO ACCOUNTS:

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

As this being the first Profit and Loss account, no previous year figures have been given.

### 2 CONTINGENT LIABILITIES

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

|  |          |             |
|--|----------|-------------|
|  | 1,40,800 | 1,55,65,930 |
|--|----------|-------------|

### 3 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.10 - 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   | 2008 - 09<br>Rs. | 2007 - 08<br>Rs. |
|---|------------------|------------------|
| a. Principal amount remaining unpaid as on 31st March   | 23,130           | NIL              |
| b. Interest due thereon as on 31st March  | NIL              | NIL              |
| c. 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              |
| d. 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              |
| e. Interest accrued and remaining unpaid as at 31st March   | NIL              | NIL              |
| f. 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              |

## Premier Wire Products Ltd.

|   | For the year ended<br>31st March, 2009 |     | For the year ended<br>31st March, 2008 |                  |
|---|--|-----|--|------------------|
|   | Rs.                                    | Rs. | Rs.                                    | Rs.              |
| <b>4 ADDITIONAL INFORMATION AS REQUIRED BY PART-II OF SCHEDULE VI OF THE COMPANIES ACT, 1956</b>                              |  |     |  |                  |
| <b>a) DETAILS OF CAPACITIES AND PRODUCTION :</b>  |  |     |  |                  |
| <b>LICENCED/REGISTERED CAPACITY:</b>  |  |     |  |                  |
| Galvanized iron wire  |  |     | Not Applicable                         |                  |
| <b>INSTALLED CAPACITY :</b>   |  |     |  |                  |
| (As Certified by the management)  |  |     |  |                  |
| Galvanized iron wire  |  |     | 1400 tonnes                            |                  |
| <b>ACTUAL PRODUCTION:</b>   |  |     |  |                  |
| Galvanized iron wire  |  |     | 52.318 tonnes                          |                  |
|   |  |     | <u>QTY</u>                             | <u>VALUE</u>     |
|   |  |     |  | Rs               |
| <b>b) OPENING STOCK, PURCHASES AND CLOSING STOCK OF FINISHED GOODS:</b>   |  |     |  |                  |
| <b>Opening Stock:</b>   |  |     |  |                  |
| Galvanized iron wire  |  |     | -                                      | -                |
| <b>Closing Stock :</b>  |  |     |  |                  |
| Galvanized iron wire(tonnes)  |  |     | 7.485                                  | 6,07,633         |
|   |  |     |  | <u>6,07,633</u>  |
| <b>c) DETAILS OF TURNOVER:</b>  |  |     |  |                  |
| Galvanized iron wire (tonnes)   |  |     | 44.833                                 | 36,46,415        |
|   |  |     | -                                      | <u>36,46,415</u> |
| <b>d) DETAILS OF RAW MATERIAL CONSUMED :</b>  |  |     |  |                  |
| Wire rods (tonnes)  |  |     | 77.300                                 | 24,65,396        |
| Zinc (tonnes)   |  |     | 4.219                                  | 2,50,827         |
|   |  |     | -                                      | <u>27,16,223</u> |
| <b>e) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS CONSUMED AND THEIR PERCENTAGES TO TOTAL CONSUMPTION:</b> |  |     |  |                  |
|   |  |     | <u>Value (Rs)</u>                      | <u>%</u>         |
| <b>RAW MATERIALS :</b>  |  |     |  |                  |
| Imported  |  |     | -                                      | -                |
| Indigenous  |  |     | 27,16,223                              | 100.00           |
|   |  |     | <u>27,16,223</u>                       | <u>100.00</u>    |
| <b>SPARE PARTS:</b>   |  |     |  |                  |
| Imported  |  |     | -                                      | -                |
| Indigenous  |  |     | 1,91,265                               | 100.00           |
|   |  |     | <u>1,91,265</u>                        | <u>100.00</u>    |

**Premier Wire Products Ltd.**

|   | For the year ended<br>31st March, 2009 |               | For the year ended<br>31st March, 2008 |               |
|---|--|---------------|--|---------------|
|   | Rs.                                    | Rs.           | Rs.                                    | Rs.           |
| f) C.I.F. VALUE OF IMPORTS :  |  | NIL           |  |               |
| g) EXPENDITURE IN FOREIGN CURRENCY :<br>(ON ACCRUAL BASIS)                                |  | NIL           |  |               |
| h) EARNINGS IN FOREIGN EXCHANGE:<br>(ON ACCRUAL BASIS)                                    |  | NIL           |  | -             |
| 5 Payments to Auditors :  |  |               |  |               |
| As auditors   |  | 50,000        |  | 11,236        |
|   |  | <u>50,000</u> |  | <u>11,236</u> |
| 6 INFORMATION ON EMPLOYEE BENEFITS AS REQUIRED UNDER ACCOUNTING<br>STANDARD 15 (REVISED): |  |               |  |               |
|   |  |               | <u>2008-2009</u>                       |               |
|   |  |               | Rs.                                    |               |
| <b>Defined contribution plans:</b>  |  |               |  |               |
| Contribution to providend fund  |  |               | 20,464                                 |               |
| <b>Defined benefit plans:</b>   |  |               |  |               |
| Gratuity:   |  |               |  |               |
| <b>DISCLOSURES (AS PER ACTUARY CERTIFICATION)</b>   |  |               |  |               |
| <b>PROFIT AND LOSS ACCOUNT:</b>   |  |               |  |               |
| Current service cost  |  |               | 45,031                                 |               |
| Interest cost on benefit obligation   |  |               | -                                      |               |
| Expected return on plan assets  |  |               | -                                      |               |
| Net Actuarial (gain), loss recognised in the year   |  |               | 1,06,083                               |               |
| Past services cost  |  |               | NIL                                    |               |
| Net benefit expenses  |  |               | 1,51,114                               |               |
| <b>BALANCE SHEET:</b>   |  |               |  |               |
| Change in the present value of the defined<br>benefit obligation are as follows:          |  |               |  |               |
| Opening defined benefit obligation  |  |               | -                                      |               |
| Interest cost   |  |               | -                                      |               |
| Current services cost   |  |               | 45,031                                 |               |
| Actuarial (gain)/losses on obligation   |  |               | 1,06,083                               |               |
| Closing defined benefit obligation  |  |               | 1,51,114                               |               |
| <b>The principal assumptions used in determining gratuity</b>                             |  |               | %                                      |               |
| Salary rise   |  |               | 4                                      |               |
| Discount rate   |  |               | 8                                      |               |
| Attrition rate  |  |               | 1                                      |               |

## Premier Wire Products Ltd.

### 7 Segmental Reporting:

- a) Company business consists of single reportable segment viz. Manufacture of Galvanised Iron Wire.
- b) As part of secondary reporting, revenues are attributed to geographic areas based on the location of the customers as detailed below:

| Particulars | 2008-09   |        |
|-------------|-----------|--------|
|             | Rs.       | %      |
| Domestic    | 36,46,415 | 100.00 |
| Exports     | -         | -      |
|             | 36,46,415 | 100.00 |

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

- 8 As per Accounting Standard (AS - 18) on Related Party disclosures issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related party as defined in the accounting standard are given below :

#### I. Name of the Related Party/Nature of Relationship

Premier Explosives Limited (Holding company)

#### II Details of Transactions with the Related Parties:

| Nature of Transaction         | 2008-2009                    |                           |
|-------------------------------|------------------------------|---------------------------|
|                               | Amount of Transaction<br>Rs. | Amount Outstanding<br>Rs. |
| Sale of goods                 | 24,56,587                    | 1,10,40,094 Dr            |
| Allotment of equity shares    | 60,00,000                    |                           |
| Purchase of assets            | 2,00,000                     |                           |
| Rent paid                     | 19,500                       |                           |
| Loan received                 | 1,00,00,000                  |                           |
| Staff cost recovered          | 1,35,500                     |                           |
| Interest paid                 | 9,79,488                     |                           |
| Purchase of consumable stores | 79,908                       |                           |
| Rent received                 | 57,500                       |                           |

- 9 Information on leases as per Accounting Standard 19 on "Accounting for Leases":

#### Operating Lease Expenses:

The company has operating leases for equipments 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.60,000/- (Previous Year :Rs .nil-)

## Premier Wire Products Ltd.

10 Earnings/(Loss) per Share (EPS) - The numerator and denominator used to calculate Earnings / (Loss) per Share:

|  | Year ended<br>31.03.2009 |
|--|--------------------------|
| - Profit/(Loss) attributable to the Equity Shareholders (Rs.) - (A)                | (15,42,500)              |
| - Basic/weighted average number of Equity Shares outstanding during the year - (B) | 5,55,226                 |
| - Nominal value Equity Shares (Rs)   | 10                       |
| - Earnings/(loss) per Share (Rs.) - (A)/(B)  | (2.78)                   |

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

The movement of provision for deferred tax is given below :

| Particulars                               | Opening<br>as at<br>01.04.2008 | Charge/<br>(Credit)<br>during the year | Closing<br>as<br>at 31.03.2009 |
|---|--------------------------------|--|--------------------------------|
| <b>A. Deferred tax liabilities:</b>       |                                |  |                                |
| Depreciation                              | -                              | 17,13,260                              | 17,13,260                      |
| <b>Total - A</b>                          | -                              | 17,13,260                              | 17,13,260                      |
| <b>B. Deferred tax assets:</b>            |                                |  |                                |
| Unabsorbed depreciation and business loss | -                              | 23,01,517                              | 23,01,517                      |
| Others                                    | -                              | 48,059                                 | 48,059                         |
| <b>Total - B</b>                          | -                              | 23,49,576                              | 23,49,576                      |
| <b>TOTAL - (A - B)</b>                    | -                              | (6,36,316)                             | (6,36,316)                     |

- 12 Information as required under Par-IV of Schedule 6 of the Companies Act, 1956 is given in Annexure-A



## **Premier Wire Products Ltd.**

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### **23 SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) ACCOUNTING CONVENTION:**

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

#### **(b) FIXED ASSETS :**

Fixed assets are stated at cost of acquisition which includes inland freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT wherever applicable. In respect of project involving construction, related pre-operational expenses form part of the value of the assets capitalised.

#### **(c) DEPRECIATION :**

(i) Depreciation is charged in the accounts under Straight Line Method in accordance with rates specified in Schedule XIV of the Companies Act, 1956

(ii) Depreciation has been provided at one hundred percent for assets of cost less than Rs.5000/-

#### **(d) INVENTORIES:**

(i) Inventories are valued at lower of cost or net realisable value. Cost is determined using average cost method

(ii) Stationery, uniforms and canteen expenses are charged off to the revenue at the time of purchase.

#### **(e) 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.

#### **(f) REVENUE RECOGNITION:**

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

##### **(i) Sales :**

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

##### **(ii) Interest:**

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

#### **(g) EXCISE DUTY :**

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

(h) **EMPLOYEE BENEFITS :**

**Defined contribution plans:**

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

**Defined benefit plans:**

- i) **Gratuity:** Accruing liability towards gratuity is provided on the basis of actuarial valuation made by a independent actuary. The actuarial valuation is done as per projected unit credit method. Actuarial gains / losses are immediately taken to profit and loss account.
- ii) **Leave encashment:** The Company records its unavailed leave liability based on actuarial valuation using projected unit credit method

**Short term employee benefits:**

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

(i) **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.

(j) **TAXATION :**

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

(a) **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

(b) **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.

(c) **Fringe Benefits Tax**

The provision for Fringe Benefits Tax is made in respect of employee benefits and other specified expenses as determined under the Income Tax Act, 1961.

## **Premier Wire Products Ltd.**

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**(k) 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.

**(l) 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.

**(m) EARNINGS PER SHARE:**

Earnings Per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**(n) USE OF ESTIMATES:**

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

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Per our report of even date  
for P V R K Nageswara Rao & Co.,  
Chartered Accountants

**P.V.R.K. NAGESWARA RAO**  
Partner

**T.V.CHOWDARY**  
Director

**B.SOMASEKHARA RAO**  
Director

Date : 09-05-2009  
Place : Secunderabad.

## ANNEXURE- A

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

## I. Registration details

Registration No. U74990AP2007PLC055427 State Code 01

Balance sheet date 31.03.2009

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

Public issue : NIL Rights issue : NIL

Bonus issue : NIL Private placement : 9875

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

Total liabilities 51898 Total assets 51898

## Sources of funds

Paid-up capital 10000 Share Application Money 900

Secured loans 30998 Unsecured loans 10000

## Application of funds

Net fixed assets 47386 Net current assets 2333

Deferred tax liability 636

Investments NIL Misc. expenditure NIL

Accumulated losses 1543

## IV. Performance of company (Amount in Rs. thousands)

Turnover/other income 3366 Total expenditure 5520

Loss before tax 2154 Loss after tax 1543

Earning/(Loss) per share in Rs. (2.78) Dividend rate NIL

## V. Generic names of three principal products/services of Company (as per monetary terms)

Item code No. Product description

72172020 1 GALVANIZED IRON WIRE

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**ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)  
ECS MANDATE FORM**

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

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

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

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

Place : \_\_\_\_\_  
Date : \_\_\_\_\_ Signature of the Shareholder

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

Bank's Stamp \_\_\_\_\_  
Date : \_\_\_\_\_ Signature of Authorized Official of the Bank

Note :

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

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Premier Explosives Limited

PREMIER EXPLOSIVES LIMITED

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

29th ANNUAL GENERAL MEETING, 30th SEPTEMBER, 2009 AT 11.00 A.M.

ADMISSION SLIP

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

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

Member's Signature

NOTE:

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

Name of the Proxy in BLOCK LETTERS

Proxy's Signature

PREMIER EXPLOSIVES LIMITED

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

PROXY FORM

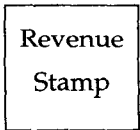
FOLIO No. .... (to be filled in by the Shareholders)

I / We ..... being Member / Members of PREMIER EXPLOSIVES LIMITED hereby appoint ..... of ..... in the district of ..... as my / our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of the company to be held on 30th September, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009

Name .....

Address .....



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

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



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*if undelivered, please return to :*

**PREMIER EXPLOSIVES LIMITED**

202 & 203, Minerva Complex,

S.D. Road, Secunderabad - 500 003

Andhra Pradesh, India.