



**TWENTY FIFTH
ANNUAL REPORT**

*2004
2005*



**Premier
Explosives
limited**

BOARD OF DIRECTORS

K.V. RAGHAVAN
Chairman

A.N. GUPTA
Vice Chairman & Managing Director

DR. S.V.KANNAN
Dy. Managing Director

R.K.VERMA,
Director (Projects)

Dr. (Mrs.) KAILASH GUPTA
Dr. V.V. SUBBA REDDY
ANIL KUMAR MEHTA
Dr. HARIDWAR SINGH

**REGISTRAR & SHARE
TRANSFER AGENTS**

SATHGURU MANAGEMENT
CONSULTANTS PRIVATE LIMITED
Plot No. 15, Hindi Nagar,
Punjagutta, Hyderabad – 500 034.

SECRETARY
B.M. VIJAY KUMAR

AUDITORS
M.R. DEVINENI & CO.

BANKERS
UCO BANK

REGISTERED OFFICE
202, 203, Minerva Complex,
S.D.Road, Secunderabad – 500 003.

FACTORIES

BULK EXPLOSIVES

Manuguru Division
Manuguru – 507 117
District Khammam (A.P.)

BULK EXPLOSIVES

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

DETONATORS DIVISION

Peddakandukur – 508 286
Yadagirigutta Mandal
District Nalgonda (A.P.)

MUSHROOM DIVISION

Kallakal Village
Toopran Mandal
District Medak (A.P.)

NOTICE OF 25th ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of PREMIER EXPLOSIVES LIMITED will be held at Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Surana Udyog Auditorium, 11-6-841, Post Box No.14, Red Hills, Hyderabad-500 004 on Wednesday, the 31st August, 2005 at 11.00 A.M to transact the following business.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and the profit and loss Account for the year ended on that date and the reports of the directors and auditors thereon.
2. To declare a dividend for the year 2004-05.
3. To appoint a director in place of Sri K.V.Raghavan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Dr. Haridwar Singh 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 any modifications as an Ordinary Resolution:

“Resolved that M/s. M. R. Devineni & Co., Chartered Accountants be and are hereby appointed as auditors of the company till the conclusion of the next Annual General Meeting at the 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 any modifications as an Ordinary Resolution.

“RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors of the company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the company wheresoever situated, present and future, and the whole of the undertaking of the company and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of M/s. United Bank of India in connection with sanction of term loan for an amount not exceeding Rs. 4.00 crores (rupees four crores only).

RESOLVED FURTHER THAT the mortgage / charge created / to be created and / or all agreements / documents executed / to be executed and all acts done in terms of the above resolutions by and with the authority of the Board of Directors are hereby confirmed and ratified.”

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

“RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors of the company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the company wheresoever situated, present and future, and the whole of the undertaking of the company and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of M/s. State Bank of Hyderabad in connection with sanction of term loan for an amount not exceeding Rs. 6.60 crores. (Rupees Six crores and Sixty lakhs only).

RESOLVED FURTHER THAT the mortgage / charge created / to be created and / or all agreements / documents executed / to be executed and all acts done in terms of the above resolutions by and with the authority of the Board of Directors are hereby confirmed and ratified.”

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

“RESOLVED THAT pursuant to the Provisions of Sections 269, 309, 310, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of Central Government, if any, as applicable, the consent of the Company be and is hereby accorded for reappointment and revision in remuneration of Sri A.N.Gupta, Vice-Chairman & Managing Director of the Company for a further period of 5 years w.e.f. 14.02.2005 on the terms and conditions set out in the Explanatory Statement attached to the notice convening this Annual General Meeting”.

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

Place : Secunderabad
Date : 16.06.2005

B.M.VIJAY KUMAR
President (Finance) &
Company Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such a 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 29.08.2005.
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 16.08.2005 to 31.08.2005 (both days inclusive).
4. The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Register of members of the Company as on 31.08.2005.
5. The shares of the company are presently listed in Stock Exchanges at Hyderabad and Mumbai and the Company has paid upto date listing fee to the above Stock Exchanges.
6. Members are advised to avail nomination facility as per the amended provisions of Companies Act, 1956, for which 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, 2001 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 and electronic 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 dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
10. Brief Resumes of Directors retiring by rotation and seeking reappointment.
 - (i) **Sri K.V.Raghavan:** He is former Managing Director of Indian Explosives Limited, now ICI Explosives. He was also Chairman and Managing Director of Engineers India Limited and President of EID Parry. He was awarded “Life time achievement Award” by “Visfotak” for his services to the explosives industry.
 - (ii) **Dr. Haridwar Singh** is a Doctorate in Chemistry and former Director, HEMRL, Pune. He is at present Emeritus Scientist at ARDE, Pune. He has very rich experience in science of High Energy Materials.

ANNEXURE TO THE NOTICE

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

Item No. 6

The Company has availed Corporate Loan from M/s. United Bank of India for an amount of Rs. 4.00 crores. M/s. United Bank of India had released the loan against security of assets of the company by way of mortgage and/or hypothecation. As per the provisions of Section 293 (1) (a) of the Companies Act, 1956, the consent of the shareholders is required. Your Directors recommend the same and the resolution may be passed as an ordinary resolution. Your directors recommend the same and the resolution may be passed as an ordinary resolution.

None of the directors is interested in the said resolution.

Item No. 7

The Company has availed term loan of Rs. 6.60 crores from State Bank of Hyderabad for its expansion in Special Products Division. M/s. State Bank of Hyderabad have granted the loan against security of the assets of the company by way of mortgage and / or hypothecation. As per provisions of Section 293 (1) (a) of Companies Act, 1956, the consent of the shareholders is required. Your Directors recommend the same and the resolution may be passed as an ordinary resolution.

None of the Directors is interested in the said resolution.

Item No. 8

Present term of appointment of Mr. A.N.Gupta, Vice Chairman & Managing Director expired on 13.02.2005. The Board of directors at their meeting held on 31.01.2005 have re-appointed Mr. A.N.Gupta as Vice Chairman & Managing Director for a period of 5 years w.e.f. 14.02.2005 on the following terms and conditions.

1. Emoluments

Salary of Rs. 1,00,000/- (Rupees one lakh only) p.m. (w.e.f. 01.03.2005) with an annual increment (w.e.f. 01.04.2006) of 10% rounded off to nearest 100 due on 1st April every year.

2. Commission

In addition to the salary, commission not exceeding 1% of the Net Profit.

3. Perquisites

In addition to salary mentioned above, Vice Chairman & Managing Director is entitled to the following perquisites, such that the monetary value of which shall be restricted to an amount equivalent to his annual salary.

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 for self and family.
4. Leave travel concession for self and family once in a year as per the company rules.
5. Club fees (maximum 2 clubs)
6. Personal accident insurance.

CATEGORY B:

Contribution to retirement benefit funds:

Company's contribution towards provident fund as per the rules and regulations prescribed under Employees Provident Fund and Miscellaneous Provision Act, 1952.

He shall be entitled to superannuation benefits, contribution to annuity fund as per the rules of the company. The Company's contribution to such fund shall not exceed 15% of the salary.

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

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

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

Assignment of Keyman Insurance policy in favour of Mr. A.N.Gupta w.e.f. 01.04.2005, sum assured Rs. 50.00 Lacs, Name of the Company: Bajaj Allianz Life Insurance Company Ltd.

CATETORY C:

He will be eligible for use of company's car with driver 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 use of car for private purposes.

3. Minimum Remuneration:

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

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

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

Place: Secunderabad
Date: 16.06.2005

B. M. VIJAY KUMAR
President (Finance) & Company Secretary

DIRECTORS' REPORT

To

The Members,

Your directors are pleased to present the 25th annual report together with the audited accounts of the company for the year ended 31st March, 2005.

A brief summary of the results is given below:

FINANCIAL PERFORMANCE:

(Rs. in lakhs)

	2004-2005	2003-2004
Sales & other income	6102.18	5222.90
Gross profit	696.72	706.88
Less: Finance charges	180.34	209.75
Depreciation	146.67	147.27
Profit before tax	369.71	349.86
Less: Provision for taxation:	31.27	22.73
Deferred tax	89.20	123.34
	120.47	146.07
Profit after tax	249.24	203.79
Add: balance brought forward	307.78	257.18
Add/(less): - Debenture redemption reserve	37.00	(7.00)
- Transitional impairment loss on Fixed Assets	-	(28.38)
Profit available for appropriation	594.02	425.59
Appropriations:		
Dividend	121.61	95.57
Dividend tax	17.06	12.24
Transfer to General Reserve	15.31	10.00
Balance carried forward	440.04	307.78

Your company has recorded an increase of 16.84% in total income of Rs. 6102.18 lakhs compared to a total income of Rs. 5222.90 lakhs during 2003-04 and an increase of 5.7% in profit before tax at Rs. 369.71 lacs during 2004-05 compared to Rs. 349.86 lakhs during 2003-2004.

Dividend

Your Directors are glad to recommend 15% dividend for the year ended 31st March, 2005 on the amount paid up.

OPERATIONS:**Explosives & Accessories**

The turnover of explosives division during the year was Rs.2325.87 lakhs as against Rs. 1936.14 lakhs during the previous year representing an increase of 20.13 %.

Detonators division had a turnover of Rs. 2286.90 lakhs as against Rs. 1989.71 lakhs during the previous year representing an increase of 14.94 %.

The turnover of detonating fuse during the year was Rs. 354.01 lakhs compared to Rs. 293.69 lakhs in the previous year representing an increase of 20.54 %.

Explosives Division at Godavarikhani has been hived off during the FY 2004-05.

Mushroom Division

Mushroom division operations stabilized during the year. The turnover of mushroom division during the year was Rs. 1435.01 lakhs as against Rs. 1306.41 lakhs of previous year representing an increase of 9.84 %.

EXPORTS**Explosives Division**

Your company exported explosives, detonating fuse and detonators valued at Rs. 175.68 lakhs during the year 2004-2005.

Mushroom Division

Your company exported mushrooms valued at Rs. 243.48 lakhs during the year.

Special Products Division

The commercial production of Special Products Division commenced on 1st February, 2005. Better results are expected in coming years.

FUTURE PROSPECTS

Your Company has started producing Special Products to cater to the requirements of Defence Sector and has taken up expansion in this division during the year 2005-06.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has implemented the code of Corporate Governance during the year. The reports on Corporate Governance and Management Discussion and Analysis together with Auditors' Report on the same are attached to this report.

Audit Committee, Remuneration Committee and Shareholder's / Investor's Grievances Committee have been reconstituted / formed as per the SEBI / Stock Exchange regulations.

DIRECTORS:

Sri K.V.Raghavan and Dr. Haridwar Singh will retire by rotation and being eligible, offers themselves for reappointment.

AUDITORS:

M/s. M. R. Devineni & Company, Chartered Accountants, Hyderabad are retiring at this Annual General Meeting and have confirmed their eligibility under section 224 (1-B) of the Companies Act, 1956.

The Board recommends their reappointment for the following year.

DEPOSITS:

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

DUES TO FINANCIAL INSTITUTIONS AND SALES TAX AUTHORITIES:

There were a few instances of minor delay in case of interest and principal repayments of term loan to Financial Institutions and payments to Sales Tax authorities due to delay in collection from debtors. No interest and instalment payment is outstanding to Financial Institutions.

STATUTORY INFORMATION:

Information pursuant to section 217(1)(e) of the Companies Act, 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

Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) rules, 1975, as amended, your Directors report that there was no employee who was in receipt of remuneration of Rs. 24,00,000/- or more per annum if employed throughout the year, or Rs. 2,00,000/- or more per month if employed for a part of the year.

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, 2005 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 Industrial Development Bank of India, Industrial Finance Corporation of India Limited, UCO Bank, Can Bank Factors Limited, United Bank of India and State Bank of Hyderabad.

**FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS.**

Place : Secunderabad
Date : 16.06.2005

A.N.GUPTA
Vice Chairman &
Managing Director

S.V.KANNAN
Dy. Managing Director

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:

(a) **POWER AND FUEL CONSUMPTION**
(All divisions except Mushroom)

For the period
01.04.2004 to
31.03.2005

1. ELECTRICITY

(A) Purchased units (lacs)	10.42
Total amount (Rs. lacs)	48.27
Rate / unit (Rs.)	4.63

(B) Own generation**(i) Through diesel**

Generator units (lacs)	0.0875
Ltr. of diesel oil (lacs)	0.0916
Cost / unit (Rs.)	26.22

(ii) Through steam turbine/generator N A**2. COAL (Specify quality & where used)** GDK/MNG/PDK

Quantity (tonnes)	478.97
Total cost (Rs. in lacs)	7.22
Average rate (per kg.)	1.51

b) Technology absorption (Form `B') :
Research and Development (R & D)

- Specific areas in which R & D : Development of Squibs, Green detonators
carried out by the company and other products
- Benefits derived as a result : Commercialising the indigenously developed
of above R & D products.
- Future plan of action : To improve existing products and develop
cost effective processes

(Rs. in Lakhs)

4. Expenditure on R & D :

a) Capital	:	13.64
b) Recurring	:	8.53
c) Total	:	22.17
d) Total R & D expenditure as a percentage of total turnover	:	0.38

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. 419.16 lakhs
2. Foreign exchange outgo	: Rs. 177.25 lakhs

REPORT ON CORPORATE GOVERNANCE

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

Premier Explosives Limited believes that the code of corporate governance is a necessary discipline and a means of achieving and attaining the goals and objectives of the company and only proper governance implemented in the true spirit would lead to effectiveness and transparency in the functioning of a corporate. Your company has been practicing the principles of corporate governance over the years.

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

2. Board of Directors

The company has a Non-executive Chairman. The Board of the company has a combination of Executive and Non-executive directors with a minimum of 50% of the Board comprising the Non-executive directors. The independent directors constitutes minimum one-third of the Board's strength.

Composition and category of directors is as follows :

Category	Name of the Directors
I. Executive Directors	
a) Promoters	Sri A. N. Gupta Dr. S. V. Kannan
b) Non-promoters	Sri R. K. Verma
II. Non – executive directors	Dr. (Mrs.) Kailash Gupta
III. Non – executive independent directors	Sri K. V. Raghavan - Chairman Dr. V. V. Subba Reddy Sri Anil Kumar Mehta Dr. Haridwar Singh

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Attendance of each director at the board of directors meetings and the last annual general meeting :

Name of the Director	Board Meetings		Attendance at Last AGM
	Held	Attended	
Sri K. V. Raghavan	7	4	Present
Sri A. N. Gupta	7	7	Present
Dr. S. V. Kannan	7	6	Present
Sri. R. K. Verma	7	5	Present
Dr. (Mrs.) Kailash Gupta	7	6	Present
Dr. V. V. Subba Reddy	7	5	Present
Sri Anil Kumar Mehta	7	6	Present
Dr. Haridwar Singh*	6	4	Present

* Board Meetings held during the tenure of his directorship

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

Name of the Director	Board of directors		Board Committees	
	Director	Chairman	Member	Chairman
Sri K. V. Raghavan	-	-	None	None
Sri A. N. Gupta	-	2	None	None
Dr. S. V. Kannan	1	1	None	None
Sri. R. K. Verma	2	-	None	None
Dr. (Mrs.) Kailash Gupta	1	-	None	None
Dr. V. V. Subba Reddy	7	2	None	None
Sri Anil Kumar Mehta	1	-	None	None
Dr. Haridwar Singh	1	-	None	None

None of the directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

Number of Board Meetings held and the dates on which held :

During the year the company has held SEVEN board of directors meetings. The dates on which the meetings were held are given below :

Dates : 01.04.2004, 16.06.2004, 30.07.2004, 23.08.2004, 06.10.2004, 29.10.2004, and 31.01.2005.

The maximum interval between any two meetings was not more than three calendar months.

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Reappointment of directors at the 25th AGM :

Mr K V Raghavan and Dr Haridwar Singh are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Sri K.V.Raghavan is former Managing Director of Indian Explosives Limited, now ICI Explosives. He was also Chairman and Managing Director of Engineers India Limited and President of EID Parry. He was awarded “Life time achievement Award” by “Visfotak” for his services to the explosives industry.

Dr. Haridwar Singh is a Doctorate in Chemistry and former Director, HEMRL, Pune. He is at present Emeritus Scientist at ARDE, Pune. He has very rich experience in science of High Energy Materials.

3. Audit Committee

The members of the Audit Committee are :

Sri K. V. Raghavan,	-	Non-executive, Independent director
Dr. V. V. Subba Reddy	-	Non-executive, Independent director
Sri Anil Kumar Mehta		Non-executive, Independent director

Dr. V.V.Subba Reddy is the Chairman of the committee. The audit committee meets the requirements of both Section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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 as amended from time to time and also such additional powers, functions / features, duties, obligations and discretions as is contained in Clause 49 of the Listing Agreement as amended from time to time and as entered into by the company are listed and / or any other powers, duties and obligations that may be assigned from time to time by the Board of Directors and the said committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Audit Committee met FOUR times during the year on 16.06.2004, 30.07.2004, 29.10.2004 and 31.01.2005. The attendance of the members at these meetings vis-à-vis meetings held was as under :

Sri Anil Kumar Mehta - 4/4, Sri K. V. Raghavan – 3 / 4, Dr. V. V. Subba Reddy – 3 / 4,.

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4. Remuneration Committee

The members of the Remuneration Committee are:

Sri K. V. Raghavan	- Non-executive Independent Director
Dr. V. V. Subba Reddy	- Non-executive Independent Director
Sri Anil Kumar Mehta	- 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 31.01.2005 during the year to re-appoint and revise remuneration of Mr. A.N. Gupta, Vice Chairman and Managing Director for a period of 5 years w.e.f. 14.02.2005. Mr. A.N.Gupta, Vice Chairman and Managing Director was paid remuneration as per the resolution passed by Board of Directors during its meeting held on 31.01.2005. Central government approval is awaited.

Details of remuneration to all the Directors :

a) Executive Directors :

Name of the Director	Salary	Benefits	Commission	Total
	Rs.	Rs.	Rs.	Rs.
Sri A. N. Gupta	856940	610773	416728	1884441
Dr. S. V. Kannan	975889	206251	416728	1598868
Sri R. K. Verma	639600	172740	-	812340

b) Non-executive Directors:

Name of the Director	Sitting Fee		Total
	As a Director	As a committee member	
	Rs.	Rs.	Rs.
Sri K. V. Raghavan	4,000/-	-	4,000/-
Dr. (Mrs.) Kailash Gupta	6,000/-	-	6,000/-
Sri Anil Kumar Mehta	6,000/-	-	6,000/-
Dr. V. V. Subba Reddy	-	-	-
Dr. Haridwar Singh	4,000/-	-	4,000/-

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5. Shareholders / Investors Grievance Committee

The members of the Share Transfer Committee are:

Dr. V. V. Subba Reddy	-	Chairman
Sri A. N. Gupta	-	Member
Dr. S. V. Kannan	-	Member

Mr. B. M. Vijay Kumar, 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 equity shares other than duplicate shares, to approve the demat requests, remat requests in connection with dematerialisation and / or rematerialisation of equity shares ;
2. To attend to Shareholder's grievances and redress the complaints of shareholders and attend to the complaints received from other authorities.

During the year under review, company received a total number of 35 shareholders complaints. All these complaints were redressed / replied to the satisfaction of the shareholders and no complaints were outstanding as on 31st March, 2005.

6. General Body Meetings

Location and time, where last three Annual General Meetings were held :

Year	Type of meeting	Venue	Date	Time
2001 – 2002	AGM	Bhavan's Sabhagriha, Bharatiya Vidya Bhavan, Basheerbagh, King Koti Road, Hyderabad – 500 029.	30.09.2002	11:30 A.M.
2002 – 2003	AGM	Lions Bhavan Trust, IInd Floor, Paradise Circle (West), S D Road, Secunderabad- 500 003	30.09.2003	11:30 A.M.
2003 – 2004	AGM	Federation of Andhra Pradesh Chamber of Commerce & Industry (FAPCCI), Surana Udyog Auditorium, 11-6-841, Post Box No. 14, Red Hills, Hyderabad – 500 004.	23.08.2004	11:00 A.M.

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Postal ballot

In accordance with Section 293 (1) (a) read with Section 192 A (2) of the Companies Act 1956 and other applicable provisions, the company successfully conducted the postal ballot process for passing resolution for sale of explosives division of the company located at Godavarikhani. The scrutinizer conducted the postal ballot process in a fair and true manner. The shareholders approved the resolution with a majority of 99.69% with 17,25,187 votes in favour of the resolution and 0.31% with 5,307 votes against it. The result of postal ballot was announced in the Annual General Meeting held on 23.08.2004

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 31.03.2005, 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. 12 of Notes to Accounts.

Transactions with Non-executive Directors :

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

b) 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 results are normally published in newspapers viz. Business Standard (English) and Andhra Bhoomi (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.

Management discussion and analysis forms part of the Directors' Report.

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9. General shareholder information

- a) AGM : 25th Annual General Meeting
 Day and date : Wednesday, 31.08.2005
 Time : 11:00 A.M.
 Venue : Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI),
 Surana Udyog Auditorium,
 11-6-841, Post Box No. 14, Red Hills,
 Hyderabad – 500 004.

b) Financial Calendar : Tentative schedule is as under.**i) Un-audited Financial Results**

1. First quarter (30.06.2005) : Last week of July, 2005
 2. Half yearly (30.09.2005) : Last week of October, 2005
 3. Third quarter (31.12.2005) : Last week of January, 2006

ii) Audited Financial Results

1. Fourth quarter (31.03.2006) : Last week of June, 2006

c) Date of book closure

Physical mode and Electronic Mode : 16.08.2005 to 31.08.2005

- d) Expected date of dispatch of Dividend Warrants : 10.09.2005 to 25.09.2005

e) Listing on Stock exchanges :

Name of the Stock Exchange	Stock Code
The Hyderabad Stock Exchange Limited	PREXPL\$ Stock ID : 739
The Stock Exchange, Mumbai	526247

Listing fee for the year 2005 – 2006 has been paid to the above stock exchanges.

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

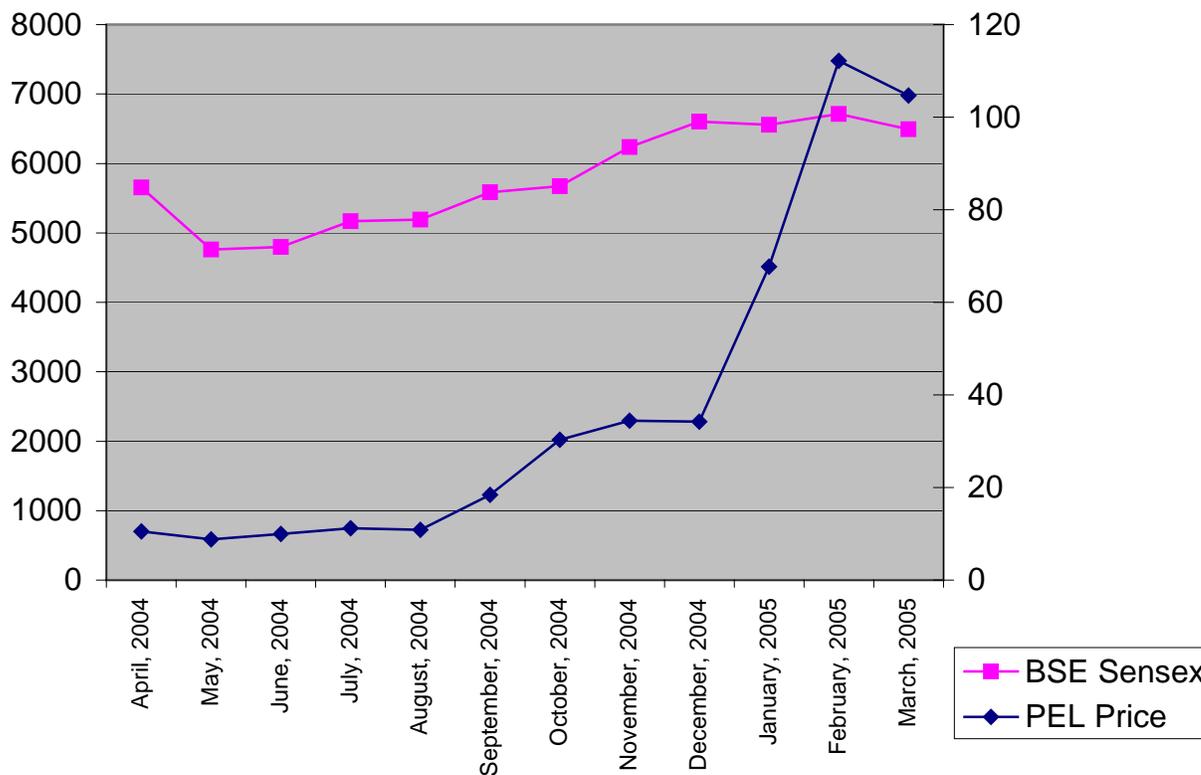
Sathguru Management Consultants Private Limited
 Plot No.15, Hindi Nagar, Panjagutta, Hyderabad – 500 034.

CDSL and NSDL connectivity has been activated during the year.

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g) Market Price data – High / Low during each month of the year 2004 - 2005

Month	High (Rs. Ps)	Low (Rs. Ps)
April 2004	12.00	8.10
May 2004	11.15	7.70
June 2004	11.50	7.65
July 2004	11.90	9.61
August 2004	12.00	8.17
September 2004	19.00	11.00
October 2004	39.10	18.50
November 2004	40.05	29.15
December 2004	39.20	31.55
January 2005	75.00	33.90
February 2005	143.05	67.70
March 2005	145.30	95.00

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

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i) Share Transfer system :

The company's shares are under compulsory dematerialisation category and transfers in electronic mode are effected on line by the NSDL and CDSL. In respect of physical shares received for transfer, the company normally processes the requests within 10 to 15 days and effects the transfer, if all the papers received were 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 31.03.2005

No. of Shares			No. of Shareholders		Shareholding	
From		To	Nos.	% to Total	Nos.	% to Total
1	-	500	5683	86.42	872622	10.74
501	-	1000	381	5.79	324365	3.99
1001	-	2000	207	3.15	331293	4.08
2001	-	3000	83	1.26	220446	2.71
3001	-	4000	32	0.49	116623	1.43
4001	-	5000	46	0.70	221075	2.72
5001	-	10000	55	0.84	415265	5.11
10001	-	Above	89	1.35	5625886	69.22
Total			6576	100.00	8127575	100.00

k) 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.

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l) Plant Location :

DETONATORS DIVISION

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

MUSHROOM DIVISION

Kallakal Village
Toopran Mandal
District Medak (A.P.)

BULK EXPLOSIVES

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

BULK EXPLOSIVES

Manuguru Division
Manuguru – 507 117
District Khammam (A.P.)

m) Address for Correspondence :

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

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MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Explosives And Accessories

As a result of strong R & D and technology efforts, your company has succeeded in developing some niche products like squibs, Igniters etc.

Your company has commenced commercial production of Special Products on 1st February, 2005. It has also gone for expansion in the Special Products and it is expected to start commercial production during the FY 2005-2006.

Mushrooms

Domestic demand for fresh mushrooms has gone up. Your company is concentrating more on domestic market. As most of other mushroom industries have closed down, your company is in a better position. Your company is able to export to Israel.

2. OPPORTUNITIES, THREATS, RISKS AND CONCERNS :

Explosives and Accessories

As a result of untiring efforts put by your VC & MD, who is chairman of EMAI and some other seniors in the industry, all manufacturers got united for getting better prices from M/s. Coal India Ltd., and other large users. The industry could bag a fair deal in Bulk and Cartridged explosives. Accessories, however, remained at last purchase price. This issue will be addressed in next year.

With the price increase this industry can look forward to a better profitability. Efforts are continuing to strengthen the unity and better understanding developed between the manufacturers so that unfair competition can be eliminated / reduced. Further, defence related items are getting approved by the users and this segment is likely to grow. Expansion for increasing the size and production capacity are underway.

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Mushrooms

The consumption of fresh and canned mushrooms in domestic market had been steadily improving both in quantity and the prices.

To improve the quality, some equipment have also been added.

3. SEGMENT WISE OR PRODUCT-WISE PERFORMANCE

The company's business mainly comprises of manufacture of Explosives and Accessories and growing of White Button Mushrooms. The details are given hereunder :

Indicators	Explosives and Accessories	Detonators	Detonating Fuse	Mushrooms
	(M.T.)	(Mill. Nos.)	(Mill. Mtrs.)	(M.T.)
Production (Qty)	13872	57	13	2639
Sales (Qty.)	10796	56	13	2528
Sales (Value – Rs. in Lakhs)	1737	2287	340	1430

4. OUTLOOK

Explosives And Accessories

With better price and understanding between manufacturers your company shall be benefitted.

Mushrooms

With higher production and better quality contribution from the unit will be substantially better.

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5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has adequate internal control systems commensurate with the size and nature of its business. Internal control systems are supplemented by internal audits carried out regularly by Internal auditor appointed by the management. The audit committee interacts with the statutory and internal auditor. The management also regularly reviews the operational efficiencies, utilization of fiscal resources, compliance with laws so as to ensure optimum utilization of resources and achieve better efficiencies.

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements for the year under review have been prepared on a going concern basis and in compliance with provisions of the Companies Act, 1956 and by following the generally accepted accounting principles in India and the applicable mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI).

PEL has achieved a profit of Rs. 3,69,70,557/- during the current year.

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

The company has a strong and dedicated workforce of 857 Nos. The relations between the management and the workforce are cordial. The employees are imparted training through intense training programs by professionals and also at site. They are also encouraged to participate in the decision making process.

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

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8. 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 domestic market in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS.**

Place : Secunderabad
Date : 16.06.2005

A.N.GUPTA
Vice Chairman &
Managing Director

S.V.KANNAN
Dy. Managing Director

C E R T I F I C A T E

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, 2005, 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, 2005 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**

**HYDERABAD
16.06.2005**

**P V R K NAGESWARA RAO
Partner**

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, 2005, 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 31.03.2005, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 st March, 2005 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, 2005;
 - 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**

**HYDERABAD
16.06.2005**

**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 2005

- 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.
- 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 and consignees 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 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.96,30,000/- from six parties listed in the register maintained under section 301 of the Companies Act, 1956 and unsecured loans of Rs.34,89,000/- have been repaid during the year to six parties.
- (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, 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, for the sale of goods and services.

- 5 (a) According to the information and explanations given to us and as confirmed by the President (Finance) and Company Secretary of the Company, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 According to the information and explanations given to us, the Company has generally complied with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under where applicable. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7 In our opinion and according to the explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 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 regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Wealth Tax, Customs duty, Cess and other material statutory dues applicable to it except Sales Tax, Income Tax, Service Tax and Excise Duty with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on 31.3.2005 which are outstanding for a period of more than six months from the date they became payable. The Company is generally regular in depositing Sales Tax, Income Tax, Service Tax and Excise Duty with the appropriate authorities though there have been delays in few cases.
- (b) According to the records of the Company and as per the information and explanations given to us, there are no dues of Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess which has not been deposited on account of dispute as on 31.3.2005 except Sales Tax and Excise Duty and 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	1995-96	19694/-	Deputy Commissioner of Sales Tax, Nagpur.

- 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 defaulted in repayment of dues to financial institutions, bank and debenture holder and the details of which are as given below:

Sl. No.	Lender's Name	Nature of the Loan	Amount of default Rs.	Period of default (days)
1	Industrial Development Bank of India	Foreign Currency Term Loan	3915331	1
2	Industrial Finance Corporation of India	Term Loan	1911678 1955342	1 55
3	Industrial Finance Corporation of India	Non Convertible Debentures	1941364 2297453	5 55
4	United Bank of India	Term Loan	339724 2535	3 30

- 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 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**

**HYDERABAD
16.06.5005**

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

PREMIER EXPLOSIVES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

	Sche- dule No.	As at 31st March 2005		As at 31st March 2004	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS :					
SHARE HOLDERS' FUNDS :					
Share capital	1	81071310		79641861	
Reserves and Surplus	2	<u>72834207</u>	153905517	<u>61881192</u>	141523053
LOAN FUNDS :					
Secured Loans	3	104150502		102853560	
Unsecured Loans	4	<u>40618189</u>	144768691	<u>32310982</u>	135164542
DEFERRED TAX LIABILITY (NET)	5		41206226		32286587
			<u>339880434</u>		<u>308974182</u>
II APPLICATION OF FUNDS:					
FIXED ASSETS:	6				
Gross Block		353450725		350034706	
Less: Depreciation		<u>130732093</u>		<u>135578033</u>	
NET BLOCK		222718632		214456673	
Capital Work-in-progress		1412873		6655410	
Unallocated Expenditure pending capitalisation	7	<u>519457</u>	224650962	<u>1579379</u>	222691462
INVESTMENTS	8		4993000		-
NET CURRENT ASSETS :					
CURRENT ASSETS,					
LOANS AND ADVANCES :					
Interest Accrued on fixed deposits and investments		252603		218218	
Inventories	9	118871106		104011160	
Sundry Debtors	10	89488905		67317062	
Cash and Bank balances	11	14102712		17699023	
Loans and Advances	12	<u>40775066</u>		<u>28058311</u>	
		263490392		217303774	
Less: Current Liabilities and Provisions	13	<u>155477039</u>	108013353	<u>134415976</u>	82887798
MISCELLANEOUS EXPENDITURE	14		2223119		3394922
			<u>339880434</u>		<u>308974182</u>
Notes to Accounts	23				
Significant Accounting Policies	24				

Per our Report of Even Date
for M.R.DEVINENI & CO.,
Chartered Accountants

P.V.R.K.NAGESWARA RAO
Partner

A.N.GUPTA
Vice Chairman & Managing Director

S.V.KANNAN
Dy. Managing Director

Date : 16.06.2005
Place : Secunderabad.

B.M. VIJAY KUMAR
President(Finance) &
Company Secretary

PREMIER EXPLOSIVES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedul No.	For the year ended		For the year ended	
		Rs.	Rs.	Rs.	Rs.
I INCOME :					
Gross Sales			645489012		557857992
Less:Excise Duty			57808265		57134489
Net Sales			587680747		500723503
Other income	15		22536830		21566355
			610217577		522289858
II EXPENDITURE :					
Materials Consumed	16		294540447		227835205
Packing Material Consumed			39646332		35554201
Manufacturing expenses	17		74505892		68796302
Expenses on employees	18		80956056		70443665
Other expenses	19		55392021		41870015
Selling expenses	20		5937240		7275346
Finance charges	21		18033583		20974706
(Increase) in Stocks	22		(10432050)		(172224)
Depreciation(Net)		14772242		14948896	
Less : Transferred from Revaluation Reserve		104743		222148	
			14667499		14726748
			573247020		487303964
III NET PROFIT FOR THE YEAR			36970557		34985894
Less : Provision for Taxation:					
- Current tax		3100000		2600000	
- Deferred tax		8919639		12333635	
			12019639		14933635
			24950918		20052259
Add/Less: Income tax adjustments of Previous years			26925		326621
			24923993		20378880
Add : Profit brought forward from last year		30777626		25718695	
Less:Transitional impairment loss on fixed assets		-		2838432	
			30777626		22880263
			55701619		43259143
Less: Transfer to Debenture Redemption Reserve			-		700000
			55701619		42559143
Add : Debenture Redemption Reserve no longer required			3700000		-
			59401619		42559143
Transfer to:					
Proposed Dividend		12160697		9557023	
Provision for Corporate Dividend Tax		1705538		1224494	
General Reserve		1530965		1000000	
			15397200		11781517
Balance of Profit Carried Forward			44004419		30777626
Earnings Per Share (Basic / Diluted)			3.10		2.59
(Nominal Value:Rs.10/- Per share)					
Notes to Accounts	23				
Significant Accounting Policies	24				

**Per our Report of Even Date
for M.R.DEVINENI & CO.,
Chartered Accountants**

P.V.R.K.NAGESWARA RAO
Partner

A.N.GUPTA
Vice Chairman & Managing Director

S.V.KANN,
Dy. Manag

Date : 16.06.2005
Place : Secunderabad.

B.M.Vijay Kumar
President(Finance) & Company Secretary

PREMIER EXPLOSIVES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

	2004-2005	2003-2004
	Rs.	Rs.
NET PROFIT BEFORE EXTRAORDINARY ITEM AND TAX	36970557	34985894
<u>ADJUSTMENTS FOR:</u>		
<u>ADD:</u>		
UN ALLOCATED CAPITAL EXPENDITURE WRITTEN OFF		1290670
DEPRECIATION	14667499	14726748
ASSETS DISCARDED	-	608813
LOSS/(PROFIT) ON SALE OF ASSETS (NET)	375485	(507026)
SHARE ISSUE EXPENSES WRITTEN OFF	120491	120491
DEFERRED REVENUE EXPENSES WRITTEN OFF	1051312	1051312
INTEREST PAID	14811896	18496765
INTEREST EARNED	(822992)	(575441)
WEALTH TAX	11070	2070
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	67185318	70200296
<u>ADJUSTMENTS FOR:</u>		
(INCREASE) /DECREASE IN SUNDRY DEBTORS	(22171843)	8240288
INCREASE IN INVENTORIES	(14859946)	(7475425)
INCREASE IN LOANS AND ADVANCES	(5265986)	(9514638)
INCREASE IN CURRENT LIABILITIES	19589101	23367628
DECREASE/(INCREASE)IN FIXED DEPOSITS PLEDGED WITH BANKS ETC. AND DIVIDEND ACCOUNTS WITH BANKS	1658559	(4017363)
CASH GENERATED FROM OPERATIONS	46135203	80800786
INTEREST PAID	(16774060)	(19817486)
INCOME TAX PAID	(3187698)	(268780)
DIVIDEND PAID	(10617813)	(43315)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	15555632	60671205
CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS	(21542841)	(18559922)
SALE OF ASSETS	4618057	936898
ADVANCE AGAINST CAPITAL ITEMS	(7401066)	(344808)
INTEREST EARNED	788607	609843
INVESTMENTS	(4993000)	-
CASH USED IN INVESTING ACTIVITIES (B)	(28530243)	(17357989)

PREMIER EXPLOSIVES LIMITED

	2004-2005	2003-2004
	Rs.	Rs.
CASH FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS FROM LONG TERM BORROWINGS	46925964	2547915
REPAYMENT OF LONG TERM BORROWINGS	(36149639)	(37994006)
PROCEEDS FROM FIXED DEPOSITS, DEALERSHIP DEPOSITS	17434000	8622000
REPAYMENT OF FIXED DEPOSITS, DEALERSHIP DEPOSITS	(11445000)	(11206031)
INCREASE/(DECREASE) IN WORKING CAPITAL LOANS	(7157915)	(6542084)
PROCEEDS FROM SHARES	1429449	1250451
CASH GENERATED FROM FINANCING ACTIVITY (C)	11036859	(43321755)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1937752)	(8539)
CASH AND CASH EQUIVALENTS AT BEGINING OF THE YEAR	9032841	9041380
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7095089	9032841

NOTE:

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and Bank balances	14102712	17699023
Less: Deposits pledged with banks towards margin money and Dividend accounts with Banks dealt in operating activity	7007623	8666182
cash and cash equivalents at the end of the year	7095089	9032841

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 23) and Significant Accounting Policies (Schedule 24) 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

P.V.R.K.Nageswara Rao
Partner

A. N.GUPTA
Vice Chairman & Managing Director

S.V.KANNAN
Dy. Managing Director

Secunderabad
16.06.2005

B.M.VIJAY KUMAR
President (Finance) & Company Secretary

PREMIER EXPLOSIVES LIMITED

	As at 31st March,2005		As at 31st March,2004	
	Rs.	Rs.	Rs.	Rs.
1 SHARE CAPITAL :				
AUTHORISED :				
1,00,00,000 Equity Shares of Rs.10/- each		100000000		100000000
ISSUED :				
81,27,575 Equity shares of Rs.10/- each		81275750		81275750
SUBSCRIBED :				
81,27,575 Equity Shares of Rs.10/- each fully paid up {Including 10,21,705 bonus shares allotted on capitalisation of General reserve}	81275750		81275750	
Less:Allotment money due (Amount due from directors Rs. Nil (Previous Year Rs.Nil)	204440		1633889	
		81071310		79641861
		81071310		79641861
2 RESERVES AND SURPLUS :				
Capital Reserve :				
Subsidy received	3057370		3057370	
Shares forfeited	13000		13000	
		3070370		3070370
Debenture Redemption Reserve :				
As per last account	3700000		3000000	
Add : Transferred from Profit and Loss Account	-		700000	
	3700000		3700000	
Less : Transferred to Profit and Loss Account	3700000		-	
		-		3700000
Share Premium		17333647		17333647
General Reserve :				
As per last account	2969035		1969035	
Add: Transferred from Profit and Loss Account	1530965		1000000	
		4500000		2969035
Revaluation Reserve :				
As per last account	4030514		6237512	
Less: Impairment Loss	-		1984850	
Less:Transferred to Profit and Loss Account being the difference of depreciation for the year on revalued amount of Assets and their original cost	104743		222148	
		3925771		4030514
Profit and Loss Account (Surplus)		44004419		30777626
		72834207		61881192

	As at 31st March,2005	As at 31st March,2004
3 SECURED LOANS :		
From Industrial Finance Corporation of India Limited (IFCI):	-	5625000
From Industrial Development Bank of India (IDBI):	19592265	32846904
Debentures (IFCI):		
Redeemable Non Convertible Debentures of Rs.100/- each fully called up - Redeemable at par in 20 quarterly instalments commencing from 15.04.2001.	-	14770000
From United Bank Of India	37500000	-
<p>(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 guarantees of two directors of the company)</p>		
Interest accrued and due	2535	5796
Working Capital Loans :		
From Banks:	35858602	42486096
<p>(On hypothecation of stocks and book debts and further secured by second charge on specified fixed assets of the company and personal guarantees of two Directors of the Company)</p>		
From Others:	4501236	5031657
<p>(Secured by mortgage and charge on specific properties and personal guarantee of one of the directors of the Company).</p>		
On hire purchase of Assets (Net of future finance charges)	247224	74826
Loans from Others: (On the Hypothecation of Vehicles and Plant and Machinery)	6448640	2013281
	<u>104150502</u>	<u>102853560</u>
4 UNSECURED LOANS:		
Sales Tax Deferment	7566907	5248700
Fixed deposits	24788000	18656500
From Directors	2400000	2530000
Deposits from dealers and Others	5863282	5875782
	<u>40618189</u>	<u>32310982</u>
5 DEFERRED TAX LIABILITY (NET)		
- Opening Balance	32286587	19952952
- Additional adjustment for the Current year (Refer Note no. 15 of Schedule 23)	8919639	12333635
	<u>41206226</u>	<u>32286587</u>

PREMIER EXPLOSIVES LIMITED

6 FIXED ASSETS :

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	COST/ PROFESSIONAL VALUATION AS AT 01.04.2004	ADDI- TIONS DURING THE YEAR	DEDUC- TIONS DURING THE YEAR	IMPAIR- MENT LOSS RECOGNISED	TOTAL COST/ PROFESSIONAL VALUATION AS AT 31.3.2005	UPTO 31.3.2004	FOR THE YEAR	ON DEDUCTIONS	TOTAL UPTO 31.3.2005	AS AT 31.03.2005	AS AT 31.3.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	9550015	--	--	--	9550015	--	--	--	--	9550015	9550015
LEASEHOLD LAND	219386	--	--	--	219386	10526	2216	--	12742	206644	208860
ROADS AND BUILDINGS	88606118	3228443	5372879	--	86461682	23520564	2456252	4272504	21704312	64757370	65085554
PLANT AND MACHINERY	235437773	23530606	17805829	--	241162550	104588220	10903046	14138624	101352642	139809908	130849553
DATA PROCESSING EQUIPMENT	3252877	805052	391664	--	3666265	2326858	329178	380331	2275705	1390560	926019
OFFICE EQUIPMENT	3370416	288066	434792	--	3223690	1717455	189341	330365	1576431	1647259	1652961
FURNITURE AND FIXTURES	2287495	165415	439349	--	2013561	1578341	154712	386212	1346841	666720	709154
VEHICLES	6196359	10161	167211	--	6039309	1711653	631642	110146	2233149	3806160	4484706
ASSETS UNDER HIRE PURCHASE											
VEHICLES	1114267	--	--	--	1114267	124416	105855	--	230271	883996	989851
TOTAL	350034706	28027743	24611724	--	353450725	135578033	14772242	19618182	130732093	222718632	214456673
PREVIOUS YEAR TOTAL	345538970	14716033	5397015	4823282	350034706	124987467	14948896	4358330	135578033	214456673	220551503

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

7 Statement of Unallocated Expenditure
Pending Capitalisation:

Particulars	Upto	Additions	Capitalised	Up to
	31.03.2004	during the year	during the year *	31.03.2005
	Rs.	Rs.	Rs.	Rs.
Rent	308000	55323	363323	-
Travelling and Conveyance	55668	275296	244988	85976
Salaries, bonus and other benefits to Staff	202639	1706082	1544929	363792
Contribution to Provident Fund	1982	120713	88313	34382
Contribution to E.S.I.		16008	15604	404
Printing and stationery	3030	-	3030	-
Professional Charges	-	5600	5600	-
Communication Expenses	25	1869	25	1869
Vehicle Maintenance	22294	32009	22294	32009
Rates and Taxes	-	1000		1000
General Expenses	1044220	617872	1662067	25
	<u>1637858</u>	<u>2831772</u>	<u>3950173</u>	<u>519457</u>
Interest Earned (TDS Rs.6144/-) (Previous Year Rs.5316/-)	(58479)	(30417)	(88896)	-
	1579379	2801355	3861277	519457

* Unallocated Expenditure of Rs.38,61,277/- allocated to relevant capital assets of a division capitalised on 01.02.2005.

	As at 31st March, 2005		As at 31st March, 2004	
	Rs.	Ps.	Rs.	Ps.
8 INVESTMENTS (At Cost) LONG TERM NON-TRADE, UNQUOTED 4,99,300 Equity Shares of 10/- each fully paidup in Premier Explochem Limited (Refer note no. 5 of Schedule 23)		<u>4993000</u>		<u>-</u>
9 INVENTORIES: (As certified by the management) Raw Materials Material in transit Work-in-process Finished Goods Stock of Stores Scrap		<u>28081150</u> <u>987182</u> <u>27304586</u> <u>48858340</u> <u>12443216</u> <u>1196632</u>		<u>25743796</u> <u>311140</u> <u>25049315</u> <u>39999896</u> <u>11723087</u> <u>1183926</u>
		118871106		104011160
10 SUNDRY DEBTORS : (Unsecured, Considered good) Outstanding for more than six months: Considered Good Considered Doubtful Less: Provision for Doubtful Debts		<u>4506569</u> <u>173127</u> <u>173127</u>		<u>2739763</u> <u>173127</u> <u>173127</u>
Others: Considered Good		<u>84982336</u>		<u>64577299</u>
		89488905		67317062
11 CASH AND BANK BALANCES : Cash on hand Cash at Scheduled banks : In current accounts In Dividend accounts In fixed deposits (Of the above, Rs.5895972/- (Previous Year Rs.7799487/-) was pledged towards margin on letters of credit and Bank guarantees and Rs.36967/- (Previous year Rs.25000/-) to Sales Tax Authorities and Rs.670000/- (Previous year Rs.651781/-) to Naval Armament Depot and Rs.51066/- (Previous Year Rs. Nil) to R & B division, Jammu and Kashmir State Cheques/ Demand Drafts on hand/ In Transit		<u>566260</u> <u>4248113</u> <u>363618</u> <u>7374721</u> <u>1550000</u>		<u>288215</u> <u>5554893</u> <u>189914</u> <u>9206576</u> <u>2459425</u>
		14102712		17699023

	As at 31st March, 2005		As at 31st March, 2004	
	Rs.	Ps.	Rs.	Ps.
12 LOANS AND ADVANCES : (Unsecured, Considered good,				

recoverable in cash or in kind or for value to be received)			
Deposit with Central Excise authority (Net)		3172161	3398676
Other Advances and deposits		28180563	22706453
Advance for Capital Works		7984060	582994
Prepaid expenses		895131	981740
Claims receivable		141000	36000
Prepaid taxes	13317733		10159030
Less : Provision for taxation	<u>12915582</u>		<u>9806582</u>
		402151	352448
		<u>40775066</u>	<u>28058311</u>

13 CURRENT LIABILITIES AND PROVISIONS:

A. CURRENT LIABILITIES :

Sundry creditors :

Dues to Small Scale Industrial Undertakings (As certified by the management)	2219057		2593989
Others	<u>94894185</u>		<u>79772730</u>
		97113242	82366719
Advances from customers		42459493	38048359
Interest accrued but not due		-	726233
Unclaimed Dividend (There is no amount due and outstanding to be credited to Investor Education and Protection Fund)		353618	189914
		<u>139926353</u>	<u>121331225</u>

B. PROVISIONS :

Proposed Dividend	12160697		9557023
Provision for Corporate Dividend Tax	1705538		1224494
Provision for gratuity and leave encashment	<u>1684451</u>		<u>2303234</u>
		<u>15550686</u>	<u>13084751</u>
		<u>155477039</u>	<u>134415976</u>

14 MISCELLANEOUS EXPENDITURE :

(To the extent not written off or adjusted)

Share issue expenses	240985		361476
Less : Amount written off during the year	<u>120491</u>		<u>120491</u>
		120494	240985
Deferred expenditure : Prepayment Premium	3153937		4205249
Less : Amount written off during the year	<u>1051312</u>		<u>1051312</u>
		<u>2102625</u>	<u>3153937</u>
		<u>2223119</u>	<u>3394922</u>

PREMIER EXPLOSIVES LIMITED

	For the year ended 31st March,2005		For the year ended 31st March,2004	
	Rs.	Rs.	Rs.	Rs.
15 OTHER INCOME :				
Interest earned (Gross)		822992		575441
(Tax deducted at source:Rs.138242/- previous year:Rs.61939/-)				
Miscellaneous income		20922214		15763430
Excess liabilities written back		791624		130977
Foreign exchange fluctuations (Net)		-		4589481
Profit on sale of Assets (Net)		-		507026
		<u>22536830</u>		<u>21566355</u>
16 MATERIALS CONSUMED :				
(a) Raw Material Consumed:				
Opening stock		25743796		20977494
Add: Purchases		296397594		231395313
		<u>322141390</u>		<u>252372807</u>
Less: Closing stock		28081150		25743796
		<u>294060240</u>		<u>226629011</u>
(b) Trade Purchases		480207		1206194
		<u>294540447</u>		<u>227835205</u>
17 MANUFACTURING EXPENSES:				
Consumable stores		7056989		5970471
Power and fuel		36518672		35295819
Conversion charges		-		6133055
Other manufacturing expenses		8194978		6076645
Repairs and Maintenance to :				
Plant and machinery		14848445		10520517
Roads and buildings		3982645		2249333
Equipment hire charges		3904163		2550462
		<u>74505892</u>		<u>68796302</u>
18 EXPENSES ON EMPLOYEES:				
Salaries, wages, bonus, Gratuity and other benefits		70620398		61941478
Workmen and staff welfare expenses		4815372		4095139
Contribution to provident fund		3929183		4046219
Contribution to E.S.I		1591103		360829
		<u>80956056</u>		<u>70443665</u>
19 OTHER EXPENSES :				
Directors' Remuneration (Refer Note no.7 of Schedule 23)		4295649		3449929
Directors' sitting fees		20000		11000
Travelling and conveyance		8285880		7436578
Professional charges		1578297		2274272
Printing and stationery		1317725		1061447
Communication expenses		2188092		1754690
Rates and taxes		10722151		2125395
Advertisement		228487		175204
Vehicle maintenance		2952209		1872110
Repairs and maintenance to other assets		978802		554135
Carriage and freight	24772544		33089300	
Less: Freight and handling charges recovered	<u>18708657</u>		<u>25687694</u>	
		6063887		7401606
Insurance		2006348		1873318
Rent		570132		590539
Payments to Auditors (Refer Note no.10 of Schedule 23)		298123		263222
General expenses		12139154		7849458
Donations		25814		21406
Research and Development Expenses		693749		732574
Bad debts written off		19879		230031
Loss on sale of assets		375485		-
Foreign Exchange fluctuations		511667		-
Provision for doubtful debts		-		173127
Book deficit on assets discarded		-		608813
Unallocated Capital Expenditure Written off		-		1290670
Share issue expenses written off		120491		120491
		<u>55392021</u>		<u>41870015</u>

PREMIER EXPLOSIVES LIMITED

	For the year ended 31st March,2005		For the year ended 31st March,2004	
	Rs.	Rs.	Rs.	Rs.
20 SELLING EXPENSES :				
Sales Commission		4945088		5915739
Sales promotion expenses		488076		254535
Discount		7433		8760
Other selling expenses		496643		1096312
		<u>5937240</u>		<u>7275346</u>
21 FINANCE CHARGES :				
Interest on fixed loans		3103375		3947070
Interest on Debentures		1388582		3113561
Interest to others		8845454		10216831
Other finance charges		1474485		1219303
Bank charges and Commission		3221687		2477941
		<u>18033583</u>		<u>20974706</u>
22 (INCREASE) IN STOCKS :				
Opening stock				
Finished Goods	39999896		37355045	
Less: Excise duty liability on stocks	<u>4337582</u>		<u>5219073</u>	
	35662314		32135972	
Work-in- process	25049315		29176398	
Scrap	<u>1183926</u>		<u>678315</u>	
		61895555		61990685
Less:				
Closing stock:				
Finished Goods	48858340		39999896	
Less: Excise duty liability on stocks	<u>5031953</u>		<u>4337582</u>	
	43826387		35662314	
Work-in- process	27304586		25049315	
Scrap	<u>1196632</u>		<u>1183926</u>	
	72327605		61895555	
Trade Purchase Returns	<u>-</u>		<u>267354</u>	
		72327605		62162909
(Increase) in stocks		<u>(10432050)</u>		<u>(172224)</u>

PREMIER EXPLOSIVES LIMITED

	For the Year ended 31st March, 2005	Rs.	For the Year ended 31st March, 2004	Rs.
23 NOTES TO ACCOUNTS:				
1	Previous year's figures have been regrouped wherever necessary to conform to this year's classification.			
2 CONTINGENT LIABILITIES				
(a)	On account of Letters of credit and guarantees issued by the banks on behalf of the company	42439606		36252566
(b)	Sales Tax demands disputed by the Company pending in appeal	19694		19694
(c)	Income Tax demands disputed by the Company pending in appeal	2206794		2206794
(d)	Central Excise demands /Show cause notices contested by the Company	-		2854959
(e)	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.	2300953		2580953
3	Estimated amount of contracts remaining to be executed on capital account and not provided for.	25063898		1725203
4	Other advances and deposits include an amount of Rs. 151274/- (Previous Year Rs.187000/-) due from an officer of the company. Maximum amount due during the year: Rs.187000/- (Previous Year Rs.220000/-)			
5	During the year, the company divested one of the explosives division for an amount of Rs.45,00,000/- to Premier Explochem Limited against which 4,50,000 Equity Shares of Rs.10/- each have been allotted to the Company.			
6	(i) There are no specific claims from Suppliers under "Interest on delayed payments to small scale and Ancillary Undertakings Act, 1993"			
	(ii) The names of Small Scale Industrial undertakings to whom the company owes any sum together with interest outstanding for more than 30 days are 1) Mixwel Industries 2) Shree Shree Packaging 3) Tapex Lemi Plast Private Limited (4) Krimesh Enterprises 5) S.B.Marketing			
	The above information and that given in schedule 12 A "Current Liabilities" regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.			
7 (a) DIRECTORS' REMUNERATION *:				
	Salary and Allowances	2535429		2309256
	Contribution to Provident Fund	192922		171972
	Perquisites	733842		673239
	Commission	833456		295462
		<u>4295649</u>		<u>3449929</u>
	* Remuneration paid to Vice Chairman and Managing Director is subject to the approval of shareholders and Central Government			
b) CALCULATION OF COMMISSION:				
	Computation of net profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956 with relevant details of calculation of commission payable by way of percentage of such profits to Vice Chairman and Managing Director and Deputy Managing Director for the year ended 31st March, 2005			
	Profit as per Profit and Loss Account	36970557		
	Add: Managerial remuneration including perquisites and benefits	4295649		
	Director's sitting Fees	20000		
	Wealth Tax	11070		
	Loss on Sale of Assets (Net)	375485		
		<u>41672761</u>		

Commission on Profits:

	For the Year ended 31st March, 2005	For the Year ended 31st March, 2004
	Rs.	Rs.
Commission @1% to Vice Chairman and Managing Director	416728	
Commission @1% to Deputy Managing Director	416728	

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

a) **DETAILS OF CAPACITIES AND PRODUCTION :**

LICENCED/REGISTERED CAPACITY:

Explosives:

Industrial Explosives	17000 tonnes *	36000 tonnes
Detonators	100 Mn.Nos.	100 Mn.Nos.
Styphnic Acid	10 tonnes	10 tonnes
Detonating Fuse	45 Mn. Mtrs	15 Mn. Mtrs
PETN	700 tonnes	200 tonnes
Boostex	500 tonnes	-
Special Products (Pyrogen etc.,)	500 Nos.	-

* Reduction is due to sale of one of the Industrial explosives divisions

Mushrooms	3000 tonnes	3000 tonnes
------------------	-------------	-------------

INSTALLED CAPACITY :

(As Certified by the Management)

Explosives:

Industrial Explosives	17000 tonnes	57000 tonnes
Detonators	100 Mn. Nos.	100 Mn. Nos.
Styphnic Acid	4.5 tonnes	4.5 tonnes
Detonating Fuse	45 Mn. Mtrs	15 Mn. Mtrs
PETN	700 tonnes	200 tonnes
Boostex	500 tonnes	-
Special Products (Pyrogen etc.,)	500 Nos.	-

Mushrooms	3000 tonnes	3000 tonnes
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ACTUAL PRODUCTION:

Explosives:

Industrial Explosives	13706.425 tonnes	12287.569 tonnes
Detonators	57.247 Mn. Nos.	51.813 Mn. Nos.
Styphnic Acid	1.269 tonnes	1.335 tonnes
Detonating Fuse	12.928 mn. mtrs	9.454 mn. mtrs
PETN	165.865 tonnes	55.274 tonnes
Boostex	21.938 tonnes	-
Special Products (Pyrogen etc.,)	3 Nos.	-

Mushrooms	2639.127 tonnes	2176.220 tonnes
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b) **OPENING STOCK, PURCHASES AND CLOSING STOCK OF FINISHED GOODS :**

	<u>QTY</u>	<u>VALUE</u>	<u>QTY</u>	<u>VALUE</u>
		Rs		Rs
Opening Stock:				
Explosives:				
Industrial Explosives (Tonnes)	125.551	2271046	177.125	3281559
Detonators (Million Nos)	6.831	20698248	5.844	22842740
Detonating Fuse (Million Mtrs)	0.965	2763363	0.794	2447744
PETN (Tonnes)	1.300	87802	-	-
Mushrooms (Tonnes)	184.063	13196123	131.35	8102299
Others		983314		680703
		<u>39999896</u>		<u>37355045</u>
Closing Stock :				
Explosives:				
Industrial Explosives (Tonnes)	0.700	12618	125.551	2271046
Detonators (Mn. Nos)	8.108	23838406	6.831	20698248
Detonating Fuse (Mn. Mtrs)	1.281	4411603	0.965	2763363
PETN (Tonnes)	2.000	137100	1.300	87802
Boostex (tonnes)	2.803	410378	-	-
Mushrooms (Tonnes)	294.990	18563425	184.063	13196123
Others		1484810		983314
		<u>48858340</u>		<u>39999896</u>
Purchases :				
Explosives:				
Industrial Explosives (Tonnes)	-	-	20.000	685410

	For the Year ended 31st March, 2005		For the Year ended 31st March, 2004	
		Rs.		Rs.
Detonating Fuse (Mn. Mtrs)	0.200	420000	-	-
Others	-	60207	-	520784
		<u>480207</u>		<u>1206194</u>

c) **DETAILS OF TURNOVER:**

Explosives:

Industrial Explosives (Tonnes)	10795.659	173700718	12227.478	193614091
Industrial Explosives for captive consumption (Tonnes)	3035.617	-	131.665	-
Detonators (Mn. Nos.)	55.970	228680692	50.826	198868309
Styphnic Acid	-	-	0.023	31320
Styphnic Acid for captive consumption (Tonnes)	1.269	-	1.312	-
Detonating Fuse (Mn.Mtrs)	12.612	33989589	9.283	29281751
PETN for Captive consumption (tonnes)	165.165	-	53.974	-
Boostex (tonnes)	5.400	933982	-	-
Boostex for Captive consumption (tonnes)	13.735	-	-	-
Special Products (Pyrogen etc..)(Nos.)	3.000	680000	-	-
Mushrooms (Tonnes)	2528.200	143030377	2123.507	129568975
Others		64473654		6493546
		<u>645489012</u>		<u>557857992</u>

	<u>QTY</u>	<u>VALUE</u>	<u>QTY</u>	<u>VALUE</u>
		Rs		Rs
d) DETAILS OF RAW MATERIAL CONSUMED :				
Ammonium Nitrate (Tonnes)	10203.507	113542790	8908.088	92094916
Copper Strip (Tonnes)	37.445	9785025	44.694	10972935
Aluminium Strip (Tonnes)	94.987	11497160	74.985	9467849
Paddy Straw (Tonnes)	4739.450	4643719	4695.730	4561906
Chicken manure(Tonnes)	2853.454	1753997	2624.385	1649032
Mushroom Spawn (Ltrs)	18365.000	3501519	12220	2342038
Others	-	149336030	-	105540335
		<u>294060240</u>		<u>226629011</u>

e) **VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS CONSUMED AND THEIR PERCENTAGES TO TOTAL CONSUMPTION**

	<u>Value(Rs)</u>	<u>%</u>	<u>Value(Rs)</u>	<u>%</u>
RAW MATERIALS :				
Imported	6883025	2.34	6545214	2.89
Indigenous	287177215	97.66	220083797	97.11
	<u>294060240</u>	<u>100.00</u>	<u>226629011</u>	<u>100.00</u>

SPARE PARTS :

Imported	727694	9.81	535874	8.48
Indigenous	6691121	90.19	5784869	91.52
	<u>7418815</u>	<u>100.00</u>	<u>6320743</u>	<u>100.00</u>

f) **C.I.F. VALUE OF IMPORTS :**

Raw Materials	4916827	3986857
Packing Material	1031301	2821041
Capital Goods	1147225	-
Stores and Spares	997662	745094
	<u>8093015</u>	<u>7552992</u>

g) **EXPENDITURE IN FOREIGN CURRENCY :**

Rates and Taxes	8936151	-
Travel	176338	154014
Commission	43974	1715444
Professional Charges	408743	1120471
Other Expenses	66450	239865
	<u>9631656</u>	<u>3229794</u>

h) **EARNINGS IN FOREIGN EXCHANGE:**

FOB Value of Exports	<u>41915726</u>	<u>59790681</u>
----------------------	-----------------	-----------------

9 **Expenditure under the following heads of account include prior period expenses as given below :**

Manufacturing Expenses	-	119203
------------------------	---	--------

	For the Year ended 31st March, 2005	For the Year ended 31st March, 2004
	Rs.	Rs.
Expenses on Employees	60881	86494
Other Expenses	<u>5400</u>	<u>51317</u>
	<u>66281</u>	<u>257014</u>
10 Payments to Auditors :		
As Auditors	125000	108000
For Certification	118978	110160
For Expenses	<u>54145</u>	<u>45062</u>
	<u>298123</u>	<u>263222</u>

PREMIER EXPLOSIVES LIMITED

11 Segmental Reporting:

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

As part of Secondary reporting, revenues are attributed to geographic areas based on the location of the customers

The following tables present the revenue, profit, assets and liabilities information relating to the Business/Geographical segment for the year ended 31st March, 2005.

Information about Business Segment - Primary

SEGMENTS	EXPLOSIVES AND ACCESSORIES		MUSHROOMS		TOTAL	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
External Sales	501987615	427216716	143501397	130641276	645489012	557857992
Inter Segment Sales					--	--
Total Revenue	501987615	427216716	143501397	130641276	645489012	557857992
Result						
Segment Result	52844879	26815087	(3359903)	24872827	49484976	51687914
Interest (Net)					12514419	16702020
Profit Before Tax					36970557	34985894
Taxation					12046564	14607014
Profit After Tax					24923993	20378880
Other Information						
Segment Assets	276684927	238323223	216047276	206142848	492732203	444466071
Loss	0	4823283	0	0	0	4823283
Unallocated Assets	276684927	233499940	216047276	206142848	492732203	439642788
					402151	352448
Total Assets	276684927	233499940	216047276	206142848	493134354	439995236
Segment Liabilities	195008051	169895768	67737679	84914751	262745730	254810519
Unallocated Liabilities					37500000	14770000
Total Liabilities	195008051	169895768	67737679	84914751	300245730	269580519
Expenditure	20522871	8135593	7504872	6580440	28027743	14716033
Depreciation	5099775	5274966	9567724	9451782	14667499	14726748

Secondary Segment - Geographical by location of customers

Segments	2004-2005		2003-2004	
	Rs.	%	Rs.	%
Domestic	603573286	93.51	498067311	89.28
Exports	41915726	6.49	59790681	10.72
	645489012	100.00	557857992	100.00

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

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

a) Key Management Personnel :

MR. A. N. GUPTA
DR. S. V. KANNAN
MR. R. K. VERMA

b) Relatives of Key Management Personnel :

DR. (MRS.) KAILASH GUPTA
MRS. SUMAN VERMA
MRS. SHONIKA GUPTA
MR. NITISH VERMA

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

PREMIER NITRATES AND CHEMICALS PRIVATE LIMITED

A. N. GUPTA (HUF)

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

GODAVARI EXPLOSIVES LIMITED

ASK CONSULTANTS PRIVATE LIMITED

A I M S

e) Concerns in which the company has substantial interest (Associate Company) :

PREMIER EXPLOCHEM LIMITED

II Details of Transactions with the Related Parties:

S. No.	Name of the Related Party / Nature of Transaction	2004 - 2005		2003 - 2004	
		Amount of Transaction Rs.	Amount Outstanding Rs.	Amount of Transaction Rs.	Amount Outstanding Rs.
1	Key Management Personnel				
	Managerial Remuneration	4295649	2142281 Cr.	3449929	745462 Cr
	Acceptance of Unsecured Loans	1150000		300000	
	Repayment of Unsecured Loans	300000		729850	
	Interest paid	81763		105339	
2	Relatives of Key Management Personnel				
	Sitting Fees	6000	11051279 Cr.	4000	8080855 Cr
	Acceptance of Unsecured Loans	7251000		830000	
	Repayment of Unsecured Loans	3169000		250000	
	Interest paid	999594		1010484	
3	Concerns in which Key Management Personnel have substantial interest (Significant interest entities)				
	Acceptance of Unsecured Loans	1229000	1734026 Cr.	400000	452333 Cr
	Repayment of Unsecured Loans	20000		-	
	Interest paid	117081		29210	
4	Concerns in which relatives of Key Management Personnel have substantial interest (Significant interest entities)				
	Purchase of Stores and Spares	-	2654963 Cr.	203259	3431469 Cr
	Purchase of materials	-		6396688	
	Sale of materials	-		480208	
	Jobwork charges paid	1480252		7432418	
	Staff cost recovered	-		610720	
	Staff cost paid	6494554		2282592	
	Other Expenses paid	1601807		139723	
	Finance Charges paid	-		104702	
	Other Expenses Recovered	-		30400	
	Lease rent paid	314400		616000	
	Purchase of Fixed Assets	10161		-	
5	Concerns in which the company has substantial interest (Associate Company)				
	Purchase of Raw materials	1728338	1782256 Cr.	-	
	Sale of Stores and Spares	188152		-	
	Sale of Raw materials	3219618		-	
	Sale of Packing Material	3461713		-	
	Staff cost recovered	1477637		-	
	Commission received	704892		-	
	Other Expenses Recovered	1331075		-	
	Investment	4993000		-	
	Sale of Fixed Assets	4500000		-	

13 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.694082/- (Previous Year :Rs.1533232/-)

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

	Year ended 31.03.2005	Year ended 31.03.2004
- Profit attributable to the Equity Shareholders (Rs.) - (A)	24923993	20378880
- Basic/Weighted average number of Equity Shares	8033378	7856016
- Nominal value Equity Shares (Rs)	10	10
- Earnings per Share (Rs.) - (A) / (B)	3.10	2.59

- 15 (i) Provision for current tax has been made as per section 115JB of 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 :

Provision for Deferred Tax	Opening as at 01.04.2004	Charge/(Credit) during the year	Closing as on at 31.03.2005
(a) Depreciation	44684520	(1816306)	42868214
(b) Expenses debited to the Profit and Loss Account in a year but allowable as deductible expenses for tax purposes in the subsequent years as reduced by the claims allowable in the current year in respect of such expenses on a payment basis.	(2024174)	(2865935)	(4890109)
c) Deferred Revenue expenses	1131475	(423731)	707744
(d) Others	(11505234)	14025611	2520377
	32286587	8919639	41206226

16 Information as required under part IV of Schedule VI of the Companies Act, 1956 is given in Annexure A.

PREMIER EXPLOSIVES LIMITED

24 SIGNIFICANT ACCOUNTING POLICIES

(a) FIXED ASSETS :

To state fixed assets at cost of acquisition inclusive of 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. To state fixed assets revalued at the fair market Value as per the valuation of registered valuers and credit the increased amount of assets on such revaluation to the Revaluation Reserve Account.

(b) DEPRECIATION :

- (i) To charge depreciation in the accounts under Straight Line Method in accordance with rates specified in Schedule XIV of the Companies Act, 1956
- (ii) To charge additional depreciation 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.5000/-
- (iv) Leasehold Land is amortised over a period of lease.

(c) 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.

(d) INTERIM/PROPOSED DIVIDEND :

To provide for interim/proposed dividend(s) as decided/proposed by the Directors in books of account, pending ratification/approval at the Annual General Meeting.

(e) RETIREMENT BENEFITS :

The Company's liability towards retirement benefits in the form of Provident Fund, Leave encashment benefit and gratuity is fully provided for and charged to Revenue Expenditure. The Company contributes to the employees Provident Fund maintained under the Employees Provident Fund Scheme by the Central Government. Accruing liabilities towards gratuity and leave encashment benefit are provided on the basis of actuarial valuation made by an independent actuary.

(f) 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 other than those relating to Fixed Assets are recognised in the Profit and Loss Account. Gain or Loss on translation and realised gain or loss in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying cost of fixed assets.

(g) INVESTMENTS:

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

(h) INVENTORIES:

- (i) Inventories are valued at lower of cost or net realisable value except for scrap. Scrap 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.

(i) MISCELLANEOUS EXPENDITURE

- (i) To write off expenses in connection with public issue over a period of ten years.
- (ii) Prepayment premium paid to a financial institution is being amortised over a period of 5 years.

(j) 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.

(k) ACCOUNTING CONVENTION :

The financial statements are prepared under historical cost convention on an accrual basis.

(l) 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.

(m) TAXATION :

Tax expense (tax saving) is the aggregate of current year tax and deferred 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 recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised

PREMIER EXPLOSIVES LIMITED

(n) 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

Signatures to Schedules 1 to 24

**Per our Report of Even Date
for M.R.DEVINENI & CO.,
Chartered Accountants**

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

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

**S.V.KANNAN
Dy. Managing Director**

**Date : 16.06.2005
Place : Secunderabad.**

**B.M. VIJAY KUMAR
President(Finance) & Company Secretary**

ANNEXURE - A

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

I Registration Details

Registration No.

2	6	3	3
---	---	---	---

 State code

0	1
---	---

Balance Sheet date

3	1	0	3	2	0	0	5
---	---	---	---	---	---	---	---

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

Public issue

			N	I	L
--	--	--	---	---	---

 Rights issue

			N	I	L
--	--	--	---	---	---

Bonus issue

			N	I	L
--	--	--	---	---	---

 Private placement

			N	I	L
--	--	--	---	---	---

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

Total liabilities

3	3	9	8	8	0
---	---	---	---	---	---

 Total assets

3	3	9	8	8	0
---	---	---	---	---	---

Sources of funds

Paid-up capital

	8	1	0	7	1
--	---	---	---	---	---

 Reserves and surpluses

	7	2	8	3	4
--	---	---	---	---	---

Secured loans

1	0	4	1	5	1
---	---	---	---	---	---

 Unsecured loans

	4	0	6	1	8
--	---	---	---	---	---

Deferred Tax liability

	4	1	2	0	6
--	---	---	---	---	---

Application of funds

Net fixed assets

2	2	4	6	5	1
---	---	---	---	---	---

 Net current assets

1	0	8	0	1	3
---	---	---	---	---	---

Investments

		4	9	9	3
--	--	---	---	---	---

 Misc. expenditure

		2	2	2	3
--	--	---	---	---	---

Accumulated losses

			N	I	L
--	--	--	---	---	---

IV Performance of company (Amount in Rs. thousands)

Turnover / other income

6	1	0	2	1	8
---	---	---	---	---	---

 Total expenditure

5	7	3	2	4	7
---	---	---	---	---	---

Profit before tax

	3	6	9	7	1
--	---	---	---	---	---

 Profit after tax

	2	4	9	2	4
--	---	---	---	---	---

Earning per share before extraordinary item in Rs.

		3	.	1	0
--	--	---	---	---	---

 Dividend rate %

			1	5	%
--	--	--	---	---	---

V Generic names of three principal products / services of company (As per monetary terms)

Item code no.	Product description																												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>6</td><td>0</td><td>2</td><td>0</td><td>0</td><td>1</td><td>0</td></tr></table>	3	6	0	2	0	0	1	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>I</td><td>N</td><td>D</td><td>U</td><td>S</td><td>T</td><td>R</td><td>I</td><td>A</td><td>L</td></tr><tr><td>E</td><td>X</td><td>P</td><td>L</td><td>O</td><td>S</td><td>I</td><td>V</td><td>E</td><td>S</td></tr></table>	I	N	D	U	S	T	R	I	A	L	E	X	P	L	O	S	I	V	E	S
3	6	0	2	0	0	1	0																						
I	N	D	U	S	T	R	I	A	L																				
E	X	P	L	O	S	I	V	E	S																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>6</td><td>0</td><td>3</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	3	6	0	3	0	0	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>D</td><td>E</td><td>T</td><td>O</td><td>N</td><td>A</td><td>T</td><td>O</td><td>R</td><td>S</td></tr></table>	D	E	T	O	N	A	T	O	R	S										
3	6	0	3	0	0	0	0																						
D	E	T	O	N	A	T	O	R	S																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>6</td><td>0</td><td>3</td><td>0</td><td>0</td><td>2</td><td>0</td></tr></table>	3	6	0	3	0	0	2	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>D</td><td>E</td><td>T</td><td>O</td><td>N</td><td>A</td><td>T</td><td>I</td><td>N</td><td>G</td><td>F</td><td>U</td><td>S</td><td>E</td></tr></table>	D	E	T	O	N	A	T	I	N	G	F	U	S	E						
3	6	0	3	0	0	2	0																						
D	E	T	O	N	A	T	I	N	G	F	U	S	E																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>7</td><td>0</td><td>9</td><td>5</td><td>1</td><td>0</td><td>0</td></tr></table>	0	7	0	9	5	1	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>M</td><td>U</td><td>S</td><td>H</td><td>R</td><td>O</td><td>O</td><td>M</td><td>S</td></tr></table>	M	U	S	H	R	O	O	M	S											
0	7	0	9	5	1	0	0																						
M	U	S	H	R	O	O	M	S																					

**ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)
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 Address of our Registrar & Transfer Agent, M/s. Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad – 500 034.
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 pas 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 14th August, 2004 to enable the Company to implement this facility.
5. The company shall finalise the facility based upon the quantum of response received from shareholders and the arrangements so finalized with the dividend bankers and subject to the various approvals and directions from RBI/other statutory agencies.

PREMIER EXPLOSIVES LIMITED

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

25th ANNUAL GENERAL MEETING, 31st AUGUST, 2005 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 (FAPCCI), Surana Udyog Auditorium, 11-6-841, Post Box No.14, Red Hills, Hyderabad-500 004.

Name of the Proxy in BLOCK LETTERS

Proxy's Signature

PREMIER EXPLOSIVES LIMITED

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

PROXY FORM

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

I/We being Member/Members of PREMIER
EXPLOSIVES LIMITED hereby appoint
of.....
in the district of.....
as my/our Proxy to vote for me/us on my/our behalf at the Annual General
Meeting of the Company to be held on 31st August, 2005 and at any
adjournment thereof.

Signed this day of 2005
Name
Address
.....

Revenue Stamp

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

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