Premier Explosives Limited

ISO 9001 REGISTERED
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RvA C024
DNV Certification B.V., The Netherlands

October 03rd, 2017

To,
The Bombay Stock Exchange Limited
Corporate Relationship Department
Floor – 25, P.J.Towers, Dalal Street,
MUMBAI – 400 001
Scrip Code: 526247

To,
National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400051
Trading Symbol: 'PREMEXPLN EQ'

Dear Sir/Madam,

Sub: 37th Annual Report of the Company for the year 2016-17

Pursuant to Regulation 34(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report of the Company for the year 2016-17 which has been approved and adopted in the 37th Annual General Meeting of the Company held on 27th September, 2017.

Kindly take the same on record.

For **Premier Explosives Limited**

Vjayashree

PREMIER EXPLOSIVES LTD. SEC'BAD

K.Vijayashree
Company Secretary
Encl: a/a

Regd. Office : "Premier House", # 11, Ishaq Colony, Near AOC Centre, Secunderabad - 500 015. (T.S) INDIA
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Premier Explosives Limited

EXTENDING INNOVATION

37th ANNUAL REPORT 2016 - 17

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

EXTENDING INNOVATION

PEL has been showing the much needed product innovation capabilities throughout its journey. This approach has helped the company to remain agile and overcome external disruptions. The company started with manufacturing commercial explosives and then found a new space to grow by diversifying into manufacture of solid propellants for missiles. Further the company has successfully diversified into supply of propellants for Indian space programmes as part of its endeavour to find new avenues to grow.

Mission

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

Vision

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

CHAIRMAN'S WORDS

Dr.A.N Gupta
Chairman & Managing Director

Dear Members

I am happy to inform you that FY17 has been an eventful year for your company in terms of growth as well as extending revenue possibilities across key segments of our business.

During the year under review, your company achieved revenue of INR 2314 million, a growth of 25% over the previous year's revenue of INR 1850 million. This growth was contributed by our business breakthroughs in both commercial and defence business. Operating profit at INR 291 million was 36% higher than last year's amount of INR 176 million.

Extending Innovation

Annual report of FY17 comes with the theme Extending Innovation.

PEL has been showing the much needed product innovation capabilities throughout its journey. This approach has helped the company to remain agile and overcome external disruptions.

The company started with manufacturing commercial explosives and then found a new space to grow by diversifying into manufacturing solid propellants and other defence products. Further the company is successfully diversifying into manufacture of propellant motors for Indian space programmes as part of our continued endeavour to find new avenues to grow. Manufacture of ammunition under 'Make in India' is another initiative your company is expecting to take off in near future.

Key Developments in FY17

Key developments in FY include receiving the first order from ISRO for production of PSOM-XL for use in PSLV.

Another breakthrough has been receiving an order for supply of Chaffs and flares from Air Head Quarters, Ministry of Defence.

It is encouraging to note that Indian successfully test fired MRSAM in May 2017 and LRSAM in September 2016 in which Premier's solid propellants were used.

To strengthen backward integration, your company had set up an ammonium perchlorate plant and a rubber plant for insulating the propellant motors. These plants would start commercial production after obtaining necessary product approvals. Your company also added new pump trucks to enhance

It is encouraging to note that Indian Navy successfully test fired LRSAM in September 2016 in which Premier solid propellants were used.

Y-O-Y Revenue

+ 25%

Y-O-Y Operating Profits

+ 61%

Raised through QIP

₹660 MILLION

In January 2017 your company received the first order from ISRO (Indian Space Research Organization) for production of PSOM-XL Developmental Motor for use in the Polar Satellite Launch Vehicle (PSLV)

In FY18 your company raised Rs.660 mn through a qualified Institutional placement (QIP)

To further rationalise the operations and focus on our core strengths, the company has exited from the wind power business

supply of bulk explosives, and expanded detonating fuse and PETN capacities.

To further rationalise the operations and focus on core strengths, the company has exited from the wind power business.

Directors

During the year, Dr. N. V. Srinivasa Rao and Mr.Arun Kapoor resigned as Director (Production) and Independent Director respectively. I take this opportunity to thank them for their valuable contributions during their tenure.

Gen P.R. Kumar (Retd) joined the Board as an Independent Director. His army-background is expected to provide guidance to us in our defence business.

Latest developments

In FY18 your company raised Rs.660 mn through a qualified Institutional placement (QIP), including equity share capital and securities premium. Your company also made preferential issue of shares for an amount of Rs.52 mn. Further, your company issued convertible warrants for a total amount of Rs.55 mn and received about Rs.14 mn being 25% upfront payment.

Your company received approval of APPIC for allotment of 202 acres of land in Chittoor district in Andhra Pradesh for setting up a green field solid propellant plant. This plant is expected to meet the requirements of satellite launch vehicles of ISRO at SHAR, Sriharikota. Preparatory work is going on at present.

Going forward

Your company is embarking on increasing its competence in high energy materials, low cost production process in industrial explosives and expanding export markets.

Your Board will continue its focus on all aspects of good corporate governance in terms of investor relations, adherence to statutory norms and ethical business practices. Conservation of energy, contribution towards empowering the society and other sustainability initiatives will be directly monitored by the Board.

Overall business scenario, especially the defence / space sector, looks positive and your company is ready to capitalise on emerging opportunities.

I take this opportunity to thank our investors, employees, customers, suppliers and banks for their continued support.

Yours sincerely

Dr. A.N Gupta
Chairman and Managing Director

KEY HIGHLIGHTS

Moving into FY18 and beyond Andhra Pradesh Industrial Infrastructure Corporation (APIIC) has sent us a letter stating that APIIC is provisionally willing to offer 202 acres of land at Routhsurmala village in Chittoor district of Andhra Pradesh for establishing a unit to manufacture Solid Propellant.

In January 2017 received the first order from ISRO for production of PSOM-XL Motor for use Polar Satellite Launch Vehicle (PSLV).

Received an order for supply of Chaffs and flares from Air Head Quarters, Ministry of Defence.

Received a repeat order from Bharat Dynamics Ltd for supply of Akash Booster Grains in October, 2016.

Indian Navy successfully test fired MRSAM in May 2017 and LRSAM in September 2016 in which Premier's solid propellants were used.

Premier Explosives Ltd incorporated a 100% wholly owned subsidiary Company 'PELNEXT DEFENCE SYSTEMS PRIVATE LIMITED' in the state of Telangana, to manufacture Ammunition and other defence products.

Qualified Institutional placement

On May 20, 2017 your company allotted 16,51,000 equity shares of Rs. 10 each at Rs.400 per share, including a premium of Rs.390 per share

Preferential allotment of securities

On August 2, 2017 your company allotted - 1,27,564 equity shares of Rs. 10 each at Rs.408 per share, including a premium of Rs.398 per share and 1,35,100 warrants, each convertible into an equity share of Rs.10 each at Rs.408 per share, including a premium of Rs.398 per share

FINANCIAL HIGHLIGHTS

During the year under review, your company's revenue have gone up by 24% to Rs.23138.44 lakhs from Rs. 18545.10 lakhs during previous year. Gross profit increased by 61% to Rs.2906.20 lakhs from Rs. 1807.18 lakhs. Profit before exceptional items and tax was higher by 93% at Rs. 2122.45 lakhs compared to Rs. 1100.30 lakhs in previous year. Profit before tax increased by 162% to Rs. 2180.60 lakhs from Rs.830.84 lakhs. Net profit for the year went up by 160% to Rs.1475.09 lakhs from Rs.567.51 lakhs. Basic and Diluted EPS has increased to Rs.16.65 from Rs.6.41 for the previous year.

Revenue

₹ **2314** Million

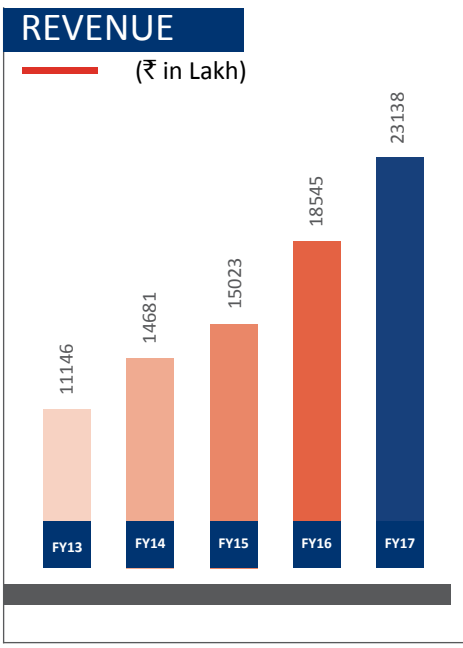
Operating profit

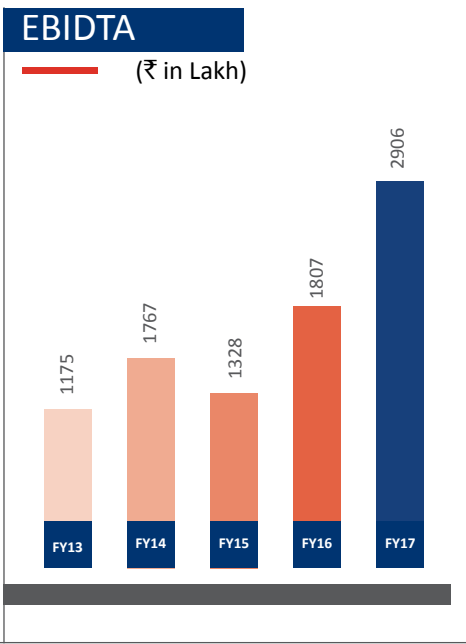
₹ **291** Million

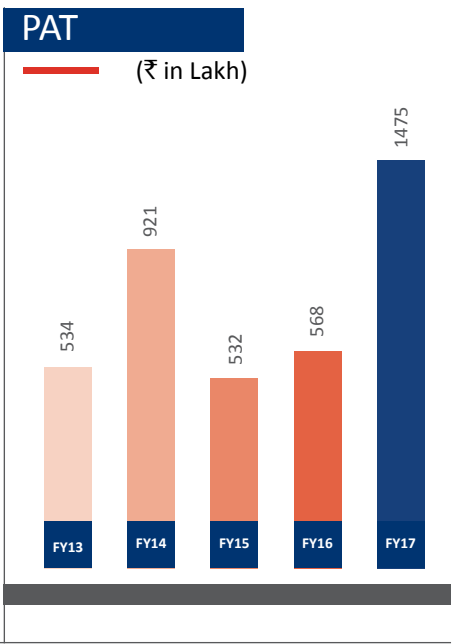
Capex

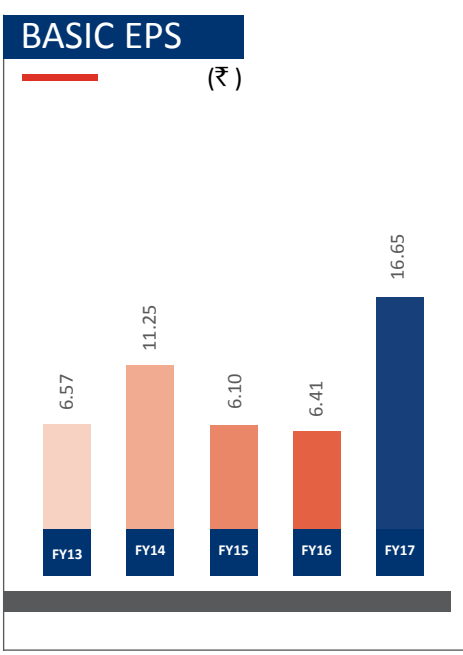
₹ **95.75** Million

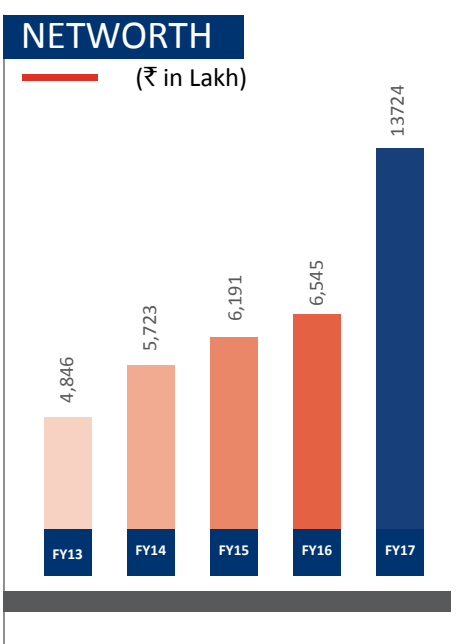
FINANCIAL HIGHLIGHTS

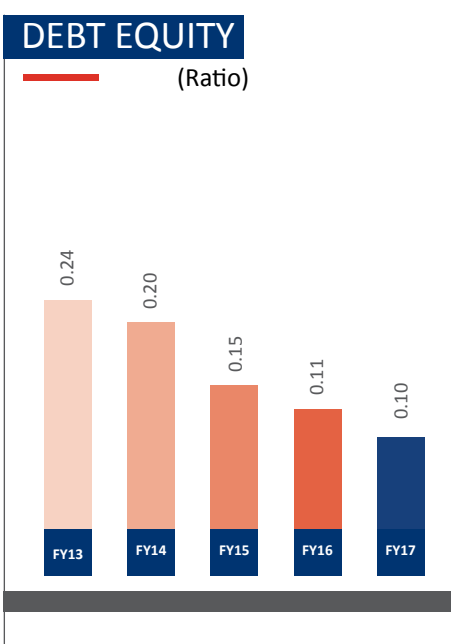












Ten Years at a Glance

(Rs. in lakhs)

STATEMENT OF PROFIT AND LOSS	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Total revenue	23,138.44	18,545.10	15,023.20	14,681.05	11,145.82	11,001.42	9,642.69	9,062.44	7,077.37	6,009.62
EBIDTA	2,906.20	1,807.18	1,328.38	1,766.87	1,175.04	1,908.54	1,821.80	2,340.36	1,548.96	856.61
Depreciation	(346.42)	(332.39)	(330.07)	(235.22)	(214.50)	(186.66)	(176.61)	(147.65)	(120.75)	(112.93)
Finance costs	(437.33)	(374.49)	(236.08)	(236.15)	(179.89)	(101.62)	(140.21)	(153.24)	(279.04)	(276.21)
Profit before exceptional items and tax	2,122.45	1,100.30	762.23	1,295.50	780.65	1,620.26	1,504.98	2,039.47	1,149.17	467.47
Exceptional items	58.15	(269.46)	-	-	(37.06)	39.20	-	(740.97)	(537.01)	397.12
Profit before tax	2,180.60	830.84	762.23	1,295.50	743.59	1,659.46	1,504.98	1,298.50	612.16	864.59
Tax	(705.51)	(263.33)	(230.18)	(374.19)	(209.67)	(465.36)	(503.46)	(704.18)	(326.10)	(281.71)
Profit after tax	1,475.09	567.51	532.05	921.31	533.92	1,194.10	1,001.52	594.32	286.06	582.88
EBIDTA / Revenue	12.6%	9.7%	8.8%	12.0%	10.5%	17.3%	18.9%	25.8%	21.9%	14.3%
PBT / Revenue	9.4%	4.5%	5.1%	8.8%	6.7%	15.1%	15.6%	14.3%	8.6%	14.4%
PAT / Revenue	6.4%	3.1%	3.5%	6.3%	4.8%	10.9%	10.4%	6.6%	4.0%	9.7%

BALANCE SHEET	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Share capital	885.86	885.86	885.86	835.86	812.75	812.70	812.55	812.39	812.27	812.15
Resesrves and surplus	12,838.51	5,659.27	5,305.00	4,809.80	4,032.93	3,736.73	2,778.77	2,000.14	1,596.32	1,453.86
Share warrants	-	-	-	77.21						
Networth	13,724.37	6,545.13	6,190.86	5,722.87	4,845.68	4,549.43	3,591.32	2,812.53	2,408.59	2,266.01
Non-current liabilities										
Long-term liabilities and provisions	1,017.50	338.86	316.02	515.10	593.29	423.27	312.12	416.54	882.66	773.63
Deferred tax liability	339.01	408.50	587.27	638.59	562.56	484.26	474.18	415.90	292.66	278.62
Current liabilities	6,971.27	5,676.82	4,232.30	3,856.28	2,988.94	2,350.53	2,279.60	2,239.21	1,691.28	2,739.04
Total liabilities	22,052.15	12,969.31	11,326.45	10,732.84	8,990.47	7,807.49	6,657.22	5,884.18	5,275.19	6,057.30
Non-current assets										
Gross fixed assets	12,531.64	6,358.83	6,188.84	5,790.31	5,207.03	4,620.96	4,124.74	3,635.50	2,978.48	2,794.53
Accumulated depreciation	(2,495.60)	(2,413.78)	(2,090.47)	(1,675.68)	(1,449.81)	(1,310.14)	(1,171.72)	(1,089.74)	(944.16)	(824.64)
Capital work in progress	368.96	241.82	41.40	166.17	91.69	119.53	26.25	-	-	13.51
Unallocated expenditure pending capitalisation	-	-	-	-	-	-	17.48	-	-	-
Net fixed assets	10,405.00	4,186.87	4,139.77	4,280.80	3,848.91	3,430.35	2,996.75	2,545.76	2,034.32	1,983.40
Investments	534.02	525.00	520.00	520.00	520.00	45.00	45.00	147.53	103.16	68.50
Other non-current assets	630.23	511.46	329.93	407.87	548.48	828.86	573.54	375.61	182.88	-
Current assets	10,482.90	7,745.98	6,336.75	5,524.17	4,073.08	3,503.28	3,041.93	2,815.28	2,954.83	4,005.40
Total assets	22,052.15	12,969.31	11,326.45	10,732.84	8,990.47	7,807.49	6,657.22	5,884.18	5,275.19	6,057.30
Return on capital employed	17.4%	16.5%	14.1%	22.3%	15.4%	32.3%	37.6%	39.8%	24.9%	34.4%
Return on networth	10.7%	8.7%	8.6%	16.1%	11.0%	26.2%	27.9%	21.1%	11.9%	25.7%
Debt / equity	0.10	0.11	0.15	0.20	0.24	0.20	0.22	0.30	0.49	0.46
Current ratio	1.50	1.36	1.50	1.43	1.36	1.49	1.33	1.26	1.75	1.46

PER SHARE	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Book value per share - Rs.	154.93	73.88	69.89	67.54	59.62	55.98	44.19	34.60	29.63	27.88
Basic Earnings per share - Rs.	16.65	6.41	6.10	11.25	6.57	14.69	12.33	7.32	3.52	7.17
Dividend per share - Rs.	3.00	2.00	2.00	2.70	2.50	2.50	2.00	2.00	1.50	1.50
No. of shareholders	9715	9,085	8,811	5,895	6,135	6,307	7,306	6,911	8,660	8,855

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

REVIEW BY DY. MANAGING DIRECTOR

T V Chowdary
Deputy Managing Director

On Key Strategies

While we continue to strengthen our market reach for commercial explosives, our key strategies are aimed at developing innovation based high energy materials for the defence and space sector. Further, to rationalise our operations we are in the process of strengthening our value chain through backward integration as well as expanding our capabilities beyond missile propellants to thermal insulation, war-heads and hot integration. For seamless availability of raw materials, we are backward integrating our manufacture Ammonium Perchlorate, RDX and HMX. In the long run, we are also exploring to backward integrate HTPB, single base, double base and triple base propellants.

All our strategies emanate from our human resource capabilities. With technocrats having experience in high-energy and defence sector at the helm, our key strengths are unmatched technological knowhows and research capabilities. Among our staff we have over 550 people trained in propellant and pyrotechnic products. The core product development team comprises of about 100 engineers. We also have close to 15 industrial licences for manufacturing commercial explosives and defence products.

On key operational developments in FY17

During the year we are emerging as a qualified supplier of solid propellant to ISRO for the first time in history with the trial order under execution for PSOM-XL Strap-on motors.

We also received the first order for chaffs and flares from Air Head Quarters. For this segment we tied up with international OEMs for technology and deliveries have started.

Andhra Pradesh Industrial Infrastructure Corporation (APIIC) has provisionally allotted 202 acres of land at Routhsurmala village in Chittoor district of Andhra Pradesh for establishing a unit to manufacture Solid Propellant, meant for supply to SHAR, Sriharikota. Currently land survey and other procedures are being conducted by APIIC.

Going forward, we are foraying into manufacture of Ammunition and the tenders called for by the Ministry of Defence are expected to fructify in about three months.

Going Forward

Having acquired technological capabilities and approvals, we are getting ready to explore and capitalise on emerging opportunities in Defence and Space sectors.

We envisage a capital expenditure of about Rs.150 crores in next two years. Part of this amount would be funded by recently raised equity and continuing internal accruals. Balance would be met by raising term debt at an appropriate time.

RESEARCH CAPABILITIES & CREDENTIALS

Developed

Cutting edge high energy materials such as pyrogen igniters for all strategic missiles.

Solid propellants for Air to Air missiles and Sledge motors.

Stable combustion composition for LRSAM propellant.

World-first in production of safer and greener NHN based detonators on commercial scale.

Indigenously Designed Developed and Manufactured (IDDM) Premier Air Target imitator (PAT) for Air Defence, Indian Army (under trials).

Collaborations

Collaboration with Gulbarga University, IIT Madras and BITS Pilani for research in high energy materials. Tie-ups with international OEMs.

Production under TOT

Akash booster / sustainer grains, LRSAM motors, MRSAM motors, NGARM motors, QRSAM motors, Sledge rocket motors, Pyrogen igniters for ANSP, Daisy II motor for Agni, Pinaka rockets – Mark I and II, Astra motor.

Esteemed Clients

Indian Army, Airforce, ISRO, BDL, DRDO, BEL, ECIL, State & Central police, Coal India, Neyveli Lignite, Singareni Collieries, Border Road Organisation, NMDC, Cement Companies.

Industrial licenses for higher volumes of explosives

Quality registrations like ISO 9000, AS 9100 D

Proprietary compositions of solid propellants for missiles like Astra and LRASAM

Industrial licenses for ammunition, war-heads and other defence products

International / National Business Performance Awards

IDDM in respect of Premier Air Target imitator (first in India, under trials)

EXTENDING RESEARCH FORTE TO DEFENCE PRODUCTS

PEL has constantly innovated and upgraded its technology to offer “state-of-the-art” products to its valued customers both in India and abroad. Commitment to quality, Safety, Health & Environment are the way of life at PEL.

About us

Premier Explosives was established in 1980 by the first generation entrepreneur Dr. A.N.Gupta, an alumnus of Indian School of Mines, Dhanbad. Since inception it has been a research and innovation oriented company by manufacturing explosives and detonators with totally indigenous technology in 1980’s and 1990’s. In 2013 PEL started commercial-scale manufacture of detonators with Nickel Hydrazine Nitrate (NHN) as primary charge emerging as the world first to do so.

Extending its research forte to defence products, in 2003 PEL forayed into development of solid propellants and today it is the first private entity in India manufacturing and supplying solid propellants for prestigious missiles like Akash, Astra, LRSAM, etc. Further in FY17 the company has entered Indian Space programme as an approved supplier of PSOM-XL Motor for use in the Polar Satellite Launch Vehicle (PSLV), to ISRO.

PEL today has the widest range of products and technologies in the manufacture of Explosives & Accessories. These include Emulsion and Slurry explosives, LD cartridge explosives, Bulk Explosives, Small-dia non-permitted explosives, Permitted explosives, Cast Boosters, Pillow-packs for secondary blasting; Detonating Fuse of various core-loads, Plain detonators, Instantaneous Electric Detonators, Electric Delay Detonators, Permitted Detonators, Cord Relays and Amardet NoN Electirc Shock-tube Detonators.

PEL has constantly innovated and upgraded its technology to offer “state-of-the-art” products to its valued customers both in India and abroad. Commitment to quality, Safety, Health & Environment are the way of life at PEL.

PEL’s R &D facility is recognized by the Department of Scientific and Industrial Research (DSIR), Government of India, as an established research centre.

It is also recognized as a research base for Ph.D. work by the Gulbara University, Gulbarga, Karnataka. PEL’s laboratory is accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL). PEL also has a collaboration with IIT, Madras for research and development in high energy materials.

The wide distribution network comprising of magazines Consignment Agents, Dealers and Handling Agents, located across the country, ensure ready stock and prompt delivery to customers even in remote locations.

There is a team of highly experienced and qualified sales and Technical Service engineers to provide full support on applications, safety and handling of explosives and accessories to customers. This is backed by a team of expert mining / blasting engineers at the Technical Services group located at headquarters.

1st in India

To Develop Indigenous technology for manufacturing explosives and first private sector company to manufacture solid propellants for India's prestigious missile programmes.

1st in the world

To produce safer and greener NHN detonators on commercial scale replacing ASA detonators.

Our facilities

Six manufacturing facilities located in Madhya Pradesh, Maharashtra, Tamilnadu & Telangana

User industries

Defence, Mining and infrastructure sectors

People

Technocrats at the helm of affairs with a team of highly trained manpower in handling high energy chemicals

Business Verticals

Commercial explosives, Defence explosives, Services for defence and space establishments

BOARD OF DIRECTORS

Dr. A.N.Gupta
Chairman & Managing Director

T V Chowdary
Deputy Managing Director

Col. Vikram Mahajan (Retd.)
Director

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

Anil Kumar Mehta
Independent Director

P R Tripathi
Independent Director

K Ramarao
Independent Director

Dr. A Venkataraman
Independent Director

Gen P.R. Kumar (Retd.)
Director

Dr. A.N.Gupta
Chairman & Managing Director

Having earned his Master's degree in mining engineering. He has actively involved himself in product development projects of defence, new products and processes. A recipient of 'Pickering and ISM Medal' from, Indian School of Mines, Dhanbad and Gold Medalist from Mining Geological and Metallurgical Institute of India. He is a Member of Society of Explosives Engineers, U.S.A. and was Chairman of Explosives Development Council constituted by Government of India and Chairman of Explosives Manufacturers Association of India. He has been given Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category. He authored various articles about high energy materials including "Scaling up of CL-20 production to pilot plant scale" presented at the proceedings of National Symposium on Trends in Explosive Technology. He has been conferred Doctor of Science (Honoris Causa) by Gulbarga University in recognition of his rare distinction and distinguished contributions to the field of science and technology.

T V Chowdary
Deputy Managing Director

A chemical engineer with over 33 years of experience in production of explosives, detonator, petrochemicals, coal tar pitches & enamels, mushrooms and solid propellants.

Col. Vikram Mahajan (Retd.)
Director

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

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

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

Anil Kumar Mehta
Independent Director

An FCA, he is a senior partner in M.Bhaskara Rao & Co., C A, having rich experience in auditing, taxation, company law, project finance and other allied matters since 1973.

P R Tripathi
Independent Director

Former CMD of NMDC Limited, holding fellowships of Institution of Engineers (India) and AIMA. He has been involved in the development of mineral industry of India. He also former President of Federation of Indian Mineral Industries (FIMI).

K Ramarao
Independent Director

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

Dr. A Venkataraman
Independent Director

He is a doctorate in Chemistry and is working as Professor in Gulbarga University. His main fields of interests are materials chemistry, nanomaterials chemistry, polymer nano composites, etc. He was awarded Indo-Hungarian Fellowship for research at Hungarian Institution by UGC New Delhi in 2006. He received Young Scientist Award in inorganic Chemistry in 1993 from Indian Council of Chemists. He is a Commonwealth Fellow at Manchester Materials Science Center, Machester, awarded by the Commonwealth High Commission, UK in 1995. He has authored around 100 articles and research papers in reputed national and international research journals. He has three patents filed to his credit.

Gen P.R. Kumar (Retd.)
Director

He is a Graduate from Staff College, Wellington and Alumnus of National Defence Academy, Khadakwasla. Retired as Lieutenant General from the services of the Indian Army in 2015. He was commissioned into the regiment of artillery in 1976. He has attended prestigious Higher Command & National Defence College Courses. During his long and illustrious career, he held a variety of Command, Staff and Instructional assignments. He commanded the prestigious Strike Corps, on the South Western Front, before taking over as DGMO.

SENIOR MANAGEMENT TEAM

Dr. A.N.Gupta
Chairman & Managing Director

T V Chowdary
Deputy Managing Director

Col. Vikram Mahajan (Retd.)
Director Marketing

C. Subba Rao
Chief Financial Officer

Y. Durga Prasad
President Production

Col Shailendra Pathak (Retd)
Vice President Marketing

R P Sharma
Vice President

Y. Krishna Rao
Vice President (Accounts)

Comm Indraneel Deb
GM (Defence Operations)

K. Vijayashree
Company Secretary

CORPORATE SOCIAL RESPONSIBILITY

Total CSR Spent

₹26.89 Lakhs

In FY17, as part of the Corporate social responsibility, the company continued medical care of elderly persons in about 10 villages in Yadadri Bhuvanagiri district of Telangana.
The Company also paid stipend for research students of Gulbarga University, who have been pursuing research work, partly at the company's research centre also.

Premier continued its support to the schools in the vicinity of Peddakandukuru factory.

For details of our CSR expenditure during FY17 refer page 50

CORPORATE INFORMATION

Board of Directors
Dr. A. N. Gupta
(Chairman & Managing Director)

T.V. Chowdary
(Deputy Managing Director)

Dr. N.V. Srinivasa Rao
(Director Production) (till 30.09.2016)

Col. Vikram Mahajan
(Director Marketing)

Dr. (Mrs) Kailash Gupta
Anilkumar Mehta
P.R. Tripathi
Dr. A. Venkataraman
K. Rama Rao
Gen P.R. Kumar (Retd) (from 02.11.2016)
Arun Kapoor (till 28.07.2016)

Audit Committee
P.R. Tripathi (Chairman)
Anilkumar Mehta
K. Rama Rao
Arun Kapoor (till 28.07.2016)

Stakeholders Relationship Committee
Anilkumar Mehta (Chairman)
T.V. Chowdary
Dr. (Mrs.) Kailash Gupta

Nomination & Remuneration Committee
P.R. Tripathi (Chairman)
Anilkumar Mehta
K. Rama Rao

Corporate Social Responsibility Committee
P.R. Tripathi (Chairman)
Dr. (Mrs.) Kailash Gupta
T.V. Chowdary

Company Secretary & Compliance Officer
Vijayashree K.

Chief Financial Officer
C. Subba Rao

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

Internal Auditors
M. Venkata Ratnam & Associates
Chartered Accountants, Hyderabad

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

Secretarial Auditors
K.V.Chalama Reddy
Company Secretary , Hyderabad

Bankers
State Bank of India
HDFC Bank
Yes Bank

Registrars and Share Transfer Agents
Karvy Computershare Private Limited
Plot No.17-24, Vithal Rao Nagar
Madhapur, Hyderabad - 500 081

Corporate Identification Number
L24 110TG 1980 PLC 002633

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

Bulk explosives divisions
Manuguru (Telangana)
Godavarikhani (Telangana)
Singrauli (Madhya Pradesh)
Chandrapur (Maharashtra)
Neyveli (Tamilnadu)

Listing
BSE & NSE

People
Premier's workforce consists of 1163 number of people across its locations.

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

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

O&M Services
ISRO, Sriharikota, AP
SFC, Jagdalpur, Chattisgarh

Defence Products
Solid propellants, Tear gas grenades, Explosive bolts, Pyro actuators, Smoke markers, Chaffs and Flares

Commercial Explosives
Bulk explosives, Packaged explosives, Cast booster, Emulsion booster Detonators, Detonating fuse

Management discussion & analysis

1. Macroeconomic review

India's economic growth slowed to 7.1% in 2016-17 from 7.9% in 2015-16. Reasons attributed to slow growth include de-monetisation which had affected economic activities especially in cash-dependent sectors. However, there has been a wider consensus that this impact is temporary and note ban is expected to be beneficial in long term.

Our country has seen a few major economic changes in recent times and their impact is being watched by many people.

Making India a less-cash economy through demonetisation has evoked mixed responses and net effect of the legislation is yet to be evidenced with authentic statistics.

Budget for 2017-18 has been advanced by a month to enable expedition of government spending. Railway budget has been merged with Union budget simplifying the appropriation practices.

GST is one of the most profound tax legislations ever made in the country. GST is expected to transform not only the taxation aspects but the way businesses are conducted. Purchases of one person are matched with sales of another person and thus tax evasion is plugged by the GST gridlock. Tax to GDP ratio and other economic parameters are expected to improve significantly and ultimately leading to lowering the tax rates.

2. Sectoral review

Defence and mining / infrastructure continue to be major industries requiring the company's products.

A. Defence explosives

a) Surgical strikes on western border and skirmishes on eastern borders of India

India addressed the western neighbour's provocations with surgical strikes in PoK in September 2016. Now, since July 2017, there has been Doklam stand-off with an eastern neighbour.

Despite all the parties knowing that dialogue is the desirable option, disturbances at borders underline the importance of the national defence preparedness.

While 'Make in India' is expected to help defence forces on long term basis, the government also focuses on short term measures. Accordingly, in July 2017, the Centre has given full financial powers to Army - to procure critical ammunition and spares to maintain an optimum level to fight a short intense war following "critical voids" in capabilities of the Army.

source:

http://economictimes.indiatimes.com/articleshow/59565523.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

b) National defence budget 2017-18

(Rs. in crores)	Budgeted estimate 2016-17	Revised estimate 2016-17	Budgeted estimate 2017-18	Increase
Revenue expenditure	1,62,759	1,68,635	1,75,861	4%
Capital expenditure	86,340	79,370	86,529	9%
Total	**2,49,099**	**2,48,005**	**2,62,390**	**6%**

Source: http://www.idsa.in/issuebrief/india-defence-budget-2017-18_lkbehera_030217

"underutilisation of capital allocations provided in the 2016-17 budget, resulting in a surrender of Rs. 6,970 crore (8.1 per cent). The surrendered amount has largely been absorbed in the revenue expenditure which has increased from its original estimates by Rs. 5,876 crore." – these comments of Institute for Defence Studies and Analyses (idsa.in) emphasize the importance of capital expenditure that had been historically lagging and needs to be expedited.

The increase in defence budget, though moderate, is expected to be beneficial to defence businesses.

B. Commercial explosives

a) Production of explosives

In 2015-16, production of SMS explosives increased by 26% compared to the previous year 2014-15. Production of detonators grew by 7%.

Product	UoM	Annual Installed Licensed Capacity	2012-13	2013-14	2014-15	2015-16	2016-17 (up to 31.12.2016)
SMS explosives	tons	16,33,675.50	4,95,946.00	5,21,419.00	6,04,234.60	7,62,850.38	5,75,768.36
Cartridge explosives	tons	6,91,046.00	2,67,275.00	2,69,999.00	3,44,146.40	3,78,989.96	2,91,485.31
Boostex and PETN	tons	21,149.67	5,656.50	6,186.00	7,015.00	7,996.38	6,995.65
Safety fuse	mn mtr	261.60	77.10	75.00	68.70	61.10	42.30
Detonating fuse	mn mtr	708.00	649.00	428.00	457.70	479.60	449.20
Detonators	mn mtr	1,166.15	992.20	1,032.00	906.70	969.00	872.00

b) Production of coal in India

As per Annual Report 2016-17 of Ministry of Coal, estimated production of coal was 724.71 million tons in 2016-17, a growth of 13% over previous year.

(http://coal.nic.in/sites/upload_files/coal/files/coalupload/chap1AnnualReport1617en.pdf)

As mentioned in this report India's coal reserves are 308.802 billion tons mainly in the states of Jharkhand, Odisha, Chattisgarh, West Bengal, Madhya Pradesh, Telangana and Maharashtra.

As explosives industry's prospects are mainly linked to mining of coal, we expect increased demand for explosives in the coming years.

3. Outlook

Your company has been focussing on defence and space opportunities while strengthening its conventional business operations in commercial sector.

Your company is making blue prints for Katepally site to set up facilities for manufacture of solid propellants, ammunition and other defence products. Your company obtained provisional allotment of about 200 acres of land in Andhra Pradesh to establish a solid propellant plant for space applications. Application for Industrial License also has been submitted. The company envisages a capex of about Rs.150 crores at these sites over a period of two years. The amount raised by QIP and Preferential Allotment would be utilised for meeting the part-cost of the projects and balance amount is anticipated to be met from internal accruals and term loans.

4. Segment-wise performance

The company's primary business is manufacture of 'high energy materials' as a single business segment.

5. Financial analysis

Generally accepted accounting principles:

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with notified accounting standards issued in terms of the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 2013.

Performance:

Current year's net turnover at Rs. 22,928.44 lakhs was 24% higher compared to last year's Rs. 18430.45 lakhs. Profit before exceptional items and tax was Rs.2122.45 lakhs which was 93% higher than the amount of Rs. 1100.30 lakhs in the earlier year.

Profit after tax at Rs. 1475.09 lakhs was 160% higher than previous year's Rs. 567.51 lakhs, net of exceptional expenditure of Rs.269.46 lakkhs.

Financial position (Rs. in lakhs):

Particulars	31.03.2017	31.03.2016
Equity	885.86	885.86
Revaluation reserve	5704.15	-
Other reserves	7134.36	5659.27
Net worth	**13724.37**	**6545.13**
Book value per share - Rs.	154.93	73.88
Long term borrowings	656.37	31.85
Debt equity ratio	0.05 : 1	0.005 : 1
Gross block (* including revaluation)	12531.64*	6358.83
Fixed assets turnover ratio	1.83	2.90
Current assets	10482.90	7730.05
Current liabilities	6971.27	5676.82
Current ratio	**1.50**	**1.36**

Revaluation reserve is after re-stating the lands at realisable values.

Other reserves have increased with profit for the year.

Capex during the year was towards bulk explosives mobile units, detonating fuse, ammonium perchlorate, etc.

6. Risk management

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

Risk	Description	Mitigation
Project risk	The company has been executing various projects for enhancement of capacity as well as establishment of manufacturing facilities for new products. These capital projects may be exposed to time and cost overruns.	To mitigate these risks, the technocrat management developed in-house design of equipment to the extent possible. The management also closely follows up the execution of projects to meet the deadlines.
Market and Competition risk	Commercial explosives business is linked to mining and infrastructure activity which have not been faring well in recent times. Further, there has been intensive competition in the industry with entry of new units.	To mitigate this risk, the company is exploring new markets including export markets. The company is also focusing on defence products which are expected to grow into a reasonably large stream of revenues to add diversity to the product portfolio.

Risk	Description	Mitigation
Safety risks	Both raw materials and finished goods are high risk items during production and handling.	Apart from strict adherence to mandatory safety measures, the company has developed an alternative chemical compound as primary explosive in production of detonators. This alternative chemical is less sensitive to friction and hence is safer than its traditional counterpart. The company which is already an ISO 9000 compliant for commercial products is now implementing AS 9100 C for defence / aero products. The company gives utmost priority for the safety of its employees as well as the manufacturing assets. These measures are expected to make the systems function in accordance with safety standards.
Raw material price risks	Ammonium nitrate and fuel oil form major part of raw materials in manufacture of explosives and those raw material prices are influenced by international dynamics as domestic manufacturers cannot meet the requirements fully.	This risk is mitigated by price escalation clauses in supply contracts whereby selling prices are periodically adjusted for the changes in prices of main raw materials. The company also uses a mix of domestic and imported ammonium nitrate taking into account the landed cost of the materials in both the options. As such risk absorption clauses are not available in supply of other products, the company takes all efforts to control the overall cost of manufacture, including backward integration.

7. Internal financial controls and their adequacy

Your company has established necessary internal financial controls and have got them assessed by professionals in the field during the year.

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

Management reviews the operations on a regular basis.

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

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

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

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

Your company has 1,163 employees as on 31st March, 2017 (1,152 a year ago). Relations between the management and employees have been cordial. Employees have been imparted training in their respective areas for better performance. The management acknowledges the contributions made by each and every employee and records its appreciation for the cooperation extended by them at all levels.

For and on behalf of the Board

Dr. A.N.Gupta
Chairman & Managing Director

Secunderabad
18.08.2017

Directors' report

Dear Members

Your directors are pleased to present the 37th annual report including the audited financial statements of your company for the year ended 31st March, 2017.

1. Financial summary (Rs. in lakhs)

Profitability	Stand-alone 2016-17	Stand-alone 2015-16	Consolidated 2016-17	Consolidated 2015-16
Sales	22928.44	18430.45	23660.30	18430.45
Other operating revenue	143.18	68.20	160.00	68.20
Other income	66.82	46.45	72.67	46.45
Revenue	23138.44	18545.10	23892.97	18545.10
EBIDTA (before exceptional items)	2906.20	1807.18	2972.49	1801.99
% to Revenue	12.56%	9.74%	12.44%	9.72%
Profit before exceptional items and tax	2122.45	1100.30	2160.23	1095.09
% to Revenue	9.17%	5.93%	9.04%	5.91%
Profit before tax	2180.60	830.84	2218.38	825.63
% to Revenue	9.42%	4.48%	9.28%	4.45%
Profit after tax	1475.09	567.51	1509.38	562.30
% to Revenue	6.37%	3.06%	6.31%	3.03%
Share in profit transferred to minority interest	-	-	(7.96)	-
Share in profit / (loss) of associate	-	-	(4.47)	2.78
Profit after tax and share of profit of associate	1475.09	567.51	1496.95	565.08
Diluted EPS (Rs.)	16.65	6.41	16.90	6.38

Cumulative surplus	Stand-alone 31.03.2017	Stand-alone 31.03.2016	Consolidated 31.03.2017	Consolidated 31.03.2016
Opening balance of surplus	3576.79	3372.52	3570.10	3372.52
Adjustment on acquisition of a subsidiary as on June 30, 2016	-	-	(11.94)	-
Equity accounting of associate	-	-	-	(4.16)
Profit for the year	1475.09	567.51	1496.95	565.08
Total available for appropriations	5051.88	3940.03	5055.11	3933.44
Unrealised profit in respect of transactions with associate	-	-	(0.28)	(0.10)
Total available for allocations and appropriations	5051.88	3940.03	5054.83	3933.34
Dividend	-	(177.17)	-	(177.17)
Dividend tax on the above	-	(36.07)	-	(36.07)
Transfer to general reserve	200.00	(150.00)	200.00	(150.00)
Closing balance of surplus	4851.88	3576.79	4854.83	3570.10

2. State of affairs

During the year under review, your company's sales have gone up by 24% to Rs. 22928.44 lakhs from Rs. 18430.45 lakhs during previous year.

Gross profit increased by 61% to Rs. 2906.20 lakhs from Rs. 1807.18 lakhs.

Profit before exceptional items and tax was higher by 93% at Rs. 2122.45 lakhs compared to Rs. 1100.30 lakhs in previous year.

Profit before tax increased by 162% to Rs. 2180.60 lakhs from Rs. 830.84 lakhs.

Net profit for the year went up by 160% to Rs. 1475.09 lakhs from Rs. 567.51 lakhs.

Basic and Diluted EPS has increased to Rs. 16.65 from Rs. 6.41 for the previous year.

3. Operations

Production of explosives went up by 25% to 39,957 tonnes from previous year's 32,014 tonnes.

Production of detonators increased to 48.98 million pieces from 46.28 million pieces a year ago, which is an increase of 6%.

Your company's contribution to national missile programs has been going on steadily that includes solid propellants for the Akash, LRSAM and other missiles.

Operations & maintenance contracts at Sriharikota and Jagdalpur have been satisfactory. In July 2017, your company has completed the 10-year contract at Sriharikota and it has been extended for another year till July 2018.

With a view to focus on the core business, your company has disposed off the wind mill undertaking on a slump sale basis in March, 2017.

4. Capital expenditure

During the year the company incurred a capital expenditure of Rs. 957.50 lakhs for defence and non-defence products. There have been deductions from fixed assets for an amount of Rs. 488.84 lakhs, comprising mainly the wind mill undertaking that was disposed off on slump sale basis.

5. Dividend

Your Board, in their Board meeting held on May 27, 2017 has recommended a dividend of Rs. 3.00 per share (30%) and this proposal is subject to your approval at the ensuing Annual General Meeting.

6. Share capital and reserves

a) Share capital

Equity share capital stood Rs. 885.86 lakhs as on 31.03.2017, the same amount as at the end of previous year.

b) Revaluation reserve

During the year your Company has revalued its Freehold Land based on the report of Independent Registered Valuers. The Company has adopted the realisable values reported by the vlauer at Rs.6129.30 lakhs as against the orginal cost of Rs.425.15 lakhs. The resulting revaluation surplus of Rs.5704.15 lakhs has been credited to Revaluation Reserve, which is not available for distribution of dividend to shareholders.

c) Transfer to general reserve

Your directors propose to transfer an amount of Rs.200.00 lakhs (previous year: Rs.150.00 lakhs) from the current year profit to general reserve.

d) Total reserves as at 31st March, 2017

Total reserves and surplus as on 31st March, 2017 increased to Rs 12,838.51 lakhs from last year's Rs. 5659.27 lakhs.

7. Deposits

Your company has not accepted any deposits during the year and there were no deposits outstanding as at end of the year.

8. Material changes and commitments after the reporting period

a) Increase in authorised share capital

On May 12, 2017 your company has increased the authorised share capital from Rs. 10,00,00,000/- (Rupees Ten Crore Only) divided into 1,00,00,000/- (One Crore only) equity shares of Rs.10/- each to Rs. 15,00,00,000/- (Rupees Fifteen Crore Only) divided into 1,50,00,000 (One Crore Fifty Lakhs Only) equity shares of Rs.10/- each.

b) Qualified Institutional Placement (QIP)

On May 20, 2017, your company has allotted 16,51,000 equity shares of Rs. 10 each at Rs.400 per share, including a premium of Rs.390 per share by way of Qualified Institutional Placement (QIP). Thus the equity share capital has increased by Rs.165.10 lakhs and share premium by 6438.90 lakhs.

c) Preferential allotment

On August 2,, 2017, your company has made preferential allotment of 1,27,564 equity shares of Rs. 10 each at Rs.408 per share, including a premium of Rs.398 per share to promoters (75,020 shares) and others (52,544 shares). Thus the equity share capital has increased by Rs.12.76 lakhs and share premium by 507.70 lakhs

On the said date, your company also made preferential allotment of 1,35,100 warrants, each convertible into one equity share of Rs. 10 each at Rs.408 per share, including a premium of Rs.398 per share, to promoters (100,100 warrants) and others (35,000 warrants). Your company received application money of Rs. 137.80 lakhs being 25% of the total amount on allotment of the said warrants which are convertible into equity shares within a period of 18 months from the date of allotment. Upon the conversion, equity share capital would increase by Rs.13.51 lakhs and share premium by Rs.537.70 lakhs.

d) Investment in equity share capital of BF Premier Energy Systems Private Limited

On April 24, 2017 your company invested an amount of Rs.5,00,000 in equity share capital of BF Premier Energy Systems Private Limited taking the total investment to Rs.10,00,000. Your company's shareholding in the joint venture company continued to remain at 50% as the joint venture partner also invested an equal amount.

9. Subsidiary companies, Jointly controlled entity and consolidated financial statements

a) PELNEXT Defence Systems Private Limited, a 100% subsidiary company

Incorporated on July 15, 2016 PELNEXT is expected to be operated as a special purpose vehicle in defence explosives business. The company incurred a net loss of Rs. 0.42 lakh during 2016-17.

As on 31st March, 2017, Premier Explosives Limited held 10,000 Equity shares in PELNEXT representing 100% of equity share capital.

b) Premier Wire Products Limited (PWPL), an 80% subsidiary company

PWPL is engaged in manufacture of Galvanised Iron (GI) Wire catering to the requirements of detonator-manufacturers including Premier Explosives Limited. The company's revenue for the year 2016-17 was Rs.1161.25 lakhs and net profit was Rs. 22.45 lakhs (Rs.916.85 lakhs and Rs.10.82 lakhs respectively during the previous year).

As on 31st March, 2017, Premier Explosives Limited held 52,00,000 Equity shares in PWPL representing 80% of their equity share capital.

c) BF Premier Energy Systems Private Limited (BFPES), a 50% jointly controlled entity

BFPES has been incorporated to reap the opportunities in defence supplies filed with synergy of forging expertise of Kalyani Group and high energy materials knowledge of Premier Explosives Limited. The joint venture is yet to commence commercial operations. The company incurred a net loss of Rs. 8.08 lakh during the year 2016-17.

Your company and Kalyani Strategic Systems Limited, each hold 50,000 equity shares in the share capital of BFPES, as on 31st March, 2017.

d) Consolidated financial statements

In accordance with Section 129(3) of the Companies Act, 2013, your company has prepared consolidated financial statements of the company, subsidiary companies and jointly controlled entity for the year 2016-17. Accordingly, the annual report includes both stand-alone and consolidated financial statements. Further, Form AOC-1: Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures, is attached as Annexure 1 showing the details as required in this respect.

10. Future outlook

There has been a very visible government's focus on roads and other infrastructure projects. Increasing domestic and foreign funding flow into Indian economy is expected to accelerate economic development of the country. These factors are helpful for growth of your company's commercial explosives business.

Continued 'Make in India' initiative, revised defence procurement policy including the new concept of Strategic Partner, likely induction of new missiles by defence forces, etc. offer a large and long term opportunity to your company having expertise in military explosives.

11. Board matters

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

Your directors confirm that

a) the applicable accounting standards have been followed;

b) the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2017 and of the profit of the company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis;

e) adequate internal financial controls have been laid down, have been followed and have been operating effectively;

f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and those systems have been adequate and operating effectively.

B. Declaration of independent directors

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

C. Board meetings

During the financial year 2016-17 there were 4 Board meetings held on 24th May 2016, 29th July 2016, 2nd November 2016, and 25th January, 2017.

D. Board evaluation

Criteria and other details of Board evaluation have been provided in the Annexure -2, Report on Corporate Governance.

E. Change in Directors

a) Resignation of Director

During the year, Dr.N.V.Srinivasa Rao and Mr.Arun Kapoor resigned as Director (Production) and Independent Director respectively. I take this opportunity to thank them for their valuable contributions during their tenure.

b) Appointment of Director

Gen. P.R Kumar (Retd) Joined the Board as an Independent Director and his army -background is expected to provide guidance to us in our defence business

c. Reappointment of director

Current term of Col Vikram Mahajan (Retd) as Director Marketing is expiring on November 5, 2017. The Board recommends his reappointment as Director Marketing with effect from 06th November, 2017 for a term of three years.

d. Rotation of director

Col Vikram Mahajan (Retd), Director Marketing retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board recommends reappointing him as a Director.

F. Company's policy on appointment and remuneration of directors

a) Criteria for appointment of directors

Director must have relevant experience in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to company's business.

Director should possess the highest personal and professional ethics, integrity and values.

Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director and recommend to the Board his / her appointment or re-appointment.

The committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient or satisfactory for the concerned position.

While appointing an independent director, Nomination and Remuneration Committee shall consider the 'independence' of the person also in addition to the above.

b) Policy on directors' remuneration

i. Policy

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

ii. Components of remuneration

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

iii. Fixed remuneration

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

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

iv. Variable remuneration

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

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

v. Statutory benefits

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

vi. Perquisites and other benefits

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

vii. Increments

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

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

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

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

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

viii. Remuneration to independent and non-whole time directors

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

ix. Service contracts, notice period and severance fees:

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

None of the directors is eligible for severance pay.

G. Formal annual evaluation by the Board

The Board has evaluated its own performance and of individual directors. The details as required u/s 134(3)(p) of the Companies Act, 2013, are mentioned in the Annexure 2: Report on Corporate Governance.

12. Auditors

a) Independent auditors

To comply with the provisions of Section 139 of the Companies Act, 2013 regarding rotation of the statutory auditors, the Audit Committee has proposed and the Board of Directors has recommended the appointment of M/s. Majeti & Co., Chartered Accountants, Hyderabad (Firm registration number 015975S) as the statutory auditors of the Company for a period of five consecutive years from the conclusion of the 37th Annual General Meeting of the Company scheduled to be held on September 27, 2017, till the conclusion of the 42nd Annual General Meeting to be held in the year 2022, subject to the approval of the shareholders of the Company from time to time. M/s. Majeti & Co. have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

b) Internal auditors

M/s M. Venkata Ratnam & Associates, Chartered Accountants were the internal auditors for the year 2016-17 and they being eligible, the Board has re-appointed them for the year 2017-18.

c) Cost auditors

M/s S. S. Zanwar & Associates, Cost Accountants were cost auditors for 2016-17 and they being eligible, the Board has re-appointed them for the year 2017-18 and their remuneration is subject to the ratification of shareholders in the ensuing annual general meeting. The Board recommends ratification of their remuneration.

d) Secretarial auditor

Mr. K.V. Chalama Reddy, a practicing company secretary, was the secretarial auditor for the financial year 2016-17 and he being eligible, the Board has re-appointed him for the year 2017-18.

13. Independent auditors' report

Independent Auditors' report contains a matter of emphasis that managerial remuneration of the Chairman and Managing Director exceeded the limit prescribed under provisions of the Companies Act, 2013 by Rs.36.07 lakhs.

Subsequently, during the first quarter of the year 2017-18, the Chairman and Managing Director has refunded the aforesaid amount to the company.

14. Ratings

ICRA has enhanced the long-term credit rating at '[ICRA] A (Stable)' and short-term credit rating at '[ICRA] A1'.

Dun & Bradstreet enhanced rating '5A2 Condition: Good'.

15. Management discussion and analysis

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

16. Corporate governance

Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report is given at Annexure-2 along with the auditors' certificate in the Annexure-3 and CEO and CFO certificate in the Annexure-4.

17. Secretarial audit report

Pursuant to section 204 of the Companies Act, 2013, every listed company shall annex the secretarial audit report with the Board's report. Secretarial Audit Report contains an observation that the Remuneration paid to the Chairman and Managing Director, for the year 2016-17 is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by Rs. 36.07 lakhs. Subsequently, during the first quarter of the year 2017-18, the Chairman and Managing Director has refunded the aforesaid amount to the company.

The secretarial audit report is attached as Annexure-5.

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

Information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure- 6 to this Report.

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

Your company

a) has not given any loan to any person or other body corporate other than usual advances for supply of materials and services

b) has not given any guarantee or provided security in connection with a loan to any other body corporate or person and

c) has not acquired the securities of any other body corporate by way of subscription, purchase or otherwise,

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

20. Particulars of contracts or arrangements with related parties

Contracts or arrangements with related parties referred in section 188(1) of the Companies Act, 2013 have been at arm's length and the particulars are reported in the Annexure - 7.

21. Risk management policy

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

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

22. Vigil mechanism policy

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

23. Corporate social responsibility (CSR) activities

During the year your company has spent an amount of Rs.26.89 lakhs (Rs. 23.88 lakhs in previous year) on CSR activities, against the minimum mandatory amount of Rs. 26.81 lakhs, being 2% of average profit for the last three years.

Details of CSR activities are given in Annexure - 8.

24. Disclosure under the Sexual Harassment of Women at

Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Nirbhaya Act)

There are 100 women employees in your company as on 31st March, 2017 (97 a year ago) and your company has formulated an anti harassment policy to ensure safe working environment. Your company also has set up an Internal Complaint Committee to redress complaints of women employees.

Details of awareness programmes and complaints are listed in Annexure - 9.

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

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

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

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

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

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

Extract of Annual Return in form no. MGT-9 as per Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Company (Management & Administration) Rules, 2014 is annexed hereto and forms part of this report as Annexure-10.

28. Remuneration of directors and employees and related disclosures

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

Particulars required u/s 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as Annexure-11.

29. Listing on stock exchanges

Your Company's shares are listed on the Bombay Stock exchange (BSE) and National Stock Exchange (NSE).

During the year under review, your company's share price on BSE had moved between a maximum of Rs. 417.90 and a minimum of Rs. 304.50. The price closed at Rs. 349.90 on 31st March 2017, a decrease of 10% over the price of Rs. 380.40 on 31st March, 2016.

After listing the share on NSE on June 17, 2016, your company's share price had moved between a maximum of Rs. 404.35 and a minimum of Rs. 305.00. The price closed at Rs. 350.05 on 31st March 2017.

The strength of shareholders has increased from 9,076 on 31.03.2016 to 9,715 on 31.03.2017.

30. Industrial relations

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

31. Acknowledgements

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

Secunderabad
18.08.2017

Dr. A.N. Gupta
Chairman & Managing Director

Annexure-1 to the Directors' Report

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part A: Subsidiaries (Information in respect of each subsidiary to be presented with amounts) (Rs. in lakhs)			
1	Name of the subsidiary	Premier Wire Products Limited	PELNEXT Defence Systems Private Limited
2	The date since when subsidiary was acquired	30-Jun-16	15-Jul-16
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Apr 16–Mar 17, same as for holding company	Apr 16–Mar 17, same as for holding company
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR
5	Share capital	650.00	1.00
6	Reserves and surplus	209.55	(0.42)
7	Total assets	950.42	0.75
8	Total Liabilities	90.87	0.17
9	Investments	-	-
10	Turnover	1,161.25	-
11	Profit before taxation	27.11	(0.42)
12	Provision for taxation	4.66	-
13	Profit after taxation	22.45	(0.42)
14	Proposed Dividend	-	-
15	Extent of shareholding	80%	100%

Note:

1. Names of subsidiaries which are yet to commence operations: PELNEXT Defence Systems Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part B: Associates and Joint Ventures Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures (Rs. in lakhs)		
		Name of Associates/Joint Ventures
		BF Premier Energy Systems Private Limited (jointly controlled entity)
1	Latest audited Balance Sheet Date	31 March 2017
2	Shares of Associate / Joint Ventures held by the company on the year end	
	Number of equity shares	50,000
	Amount of Investment in Associates/Joint Venture (Rs. in lakhs)	5.00
	Extent of holding	50.00%
3	Description of how there is significant influence	Held 50% of equity share capital
4	Reason why the associate / joint venture is not consolidated	Proportionately consolidated
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	(8.49)
6	Profit / (Loss) for the year	
	i. Considered in Consolidation	(4.04)
	ii. Not Considered in Consolidation	(4.04)

Note:

1. Names of associates or joint ventures which are yet to commence operations:

   BF Premier Energy Systems Private Limited (JV)

2. Names of associates or joint ventures which have been liquidated or sold during the year:

   None

Annexure-2 to the Directors' Report

Report on corporate governance

Report pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the requirements of Corporate Governance is set out below:

I. Corporate Governance

1. Company's philosophy

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

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

2. Board of directors

A. Composition and category of directors as on 31st March, 2017 are as follows:

The Board of Directors of the company has an optimum combination of Executive, Non-Executive and Independent Directors who have in-depth knowledge of business and expertise in their areas of specialization. The Board comprises 9 directors which includes one woman director. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

Sl.No.	Name of the Director	Designation	Category
1	Dr.A.N.Gupta	Chairman and Managing Director	Chairman-Executive-Non-Independent
2	Mr.T.V.Chowdary	Deputy Managing Director	Executive
3	Col Vikram Mahajan (Retd)	Director Marketing	Executive
4	Dr.(Mrs.)Kailash Gupta	Director	Non Executive-Non Independent
5	Mr.Anikumar Mehta	Director	Non Executive-Independent
6	Mr.P.R.Tripathi	Director	Non Executive-Independent
7	Mr.K.Rama Rao	Director	Non Executive-Independent
8	Dr. A.Venkatraman	Director	Non Executive-Independent
9	Gen P.R.Kumar (Retd)	Director	Non Executive-Independent

B. Attendance of each director at the Board meetings and the last AGM held on 23rd September, 2016

Name of the Director	No. of Board meetings attended		Last AGM attendance (Yes/No)
	Held during tenure	Attended	
Dr. A.N.Gupta	4	3	Yes
Mr. T.V.Chowdary	4	4	Yes
Dr. N.V.Srinivasa Rao (Resigned on 30.09.2016)	2	2	Yes
Col Vikram Mahajan (Retd)	4	3	No
Dr. (Mrs.) Kailash Gupta	4	4	Yes
Mr. P.R.Tripathi	4	4	No
Mr. Anilkumar Mehta	4	4	Yes
Mr. K.Rama Rao	4	4	Yes
Dr. A.Venkataraman	4	3	No
Gen P.R.Kumar (Retd) (Appointed as Director w.e.f. 02.11.2016)	2	2	N.A.
Mr.Arun Kapoor (Resigned on 28.07.2016)	1	0	N.A

C. Number of other Board of Directors or committees in which a director(s) is a member or a chairperson

None of the directors on the Board is a member in more than 10 committees or chairman of more than 5 committees as specified in Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, across all companies in which he or she is a director. Necessary disclosures regarding committee positions have been made by the directors.

The number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on 31st March, 2017 are given below. (Chairmanships/Memberships of Board Committees include only that of Audit Committee and Stakeholder Relationship Committee)

Name of the Director	No. of other Directorships	Other Committee positions	
		Membership	Chairman
Dr.A.N.Gupta	3	-	-
Mr.T.V.Chowdary	4	-	-
Dr.N.V.Srinivasa Rao (Resigned on 30.09.2016)	1	-	-
Col Vikram Mahajan (Retd)	2	-	-
Dr.(Mrs.) Kailash Gupta	1	-	-
Mr.Anilkumar Mehta	-	-	-
Mr.P.R.Tripathi	7	5	4
Mr.K.Rama Rao	-	-	-
Dr.A.Venkataraman	-	-	-
Gen P.R.Kumar (Retd) Appointed as Director w.e.f. 02nd November, 2016	1	-	-
Mr.Arun Kapoor (Resigned on 28.07.2016)	3	1	-

i. Particulars of directorships in other companies

Name of the Director	Name of the Company	Position
Dr. A.N.Gupta	Godavari Explosives Limited	Director
	BF Premier Energy Systems Private Limited	Director
	PELNEXT Defence Systems Private Limited	Director
Mr. T.V.Chowdary	Premier Wire Products Limited	Director
	Octane Chemicals Private Limited	Director
	BF Premier Energy Systems Private Limited	Director
	PELNEXT Defence Systems Private Limited	Director
Dr. N.V.Srinivasa Rao (Resigned on 30.09.2016 as director in Premier Explosives Limited and Premier Wire Products Limited)	Premier Wire Products Limited	Director
Col. Vikram Mahajan	Premier Wire Products Limited	Director
	Godavari Explosives Limited	Director
Dr. (Mrs.)Kailash Gupta	Premier Wire Products Limited	Director
Mr. Anilkumar Mehta	None	None
Mr. P.R.Tripathi	Sarda Energy & Minerals Limited	Director
	Hindusthan Dorr Oliver Limited	Director
	IVRCL Limited	Director
	HDO Technologies Limited	Director
	Minman Consultancy Services Private Limited	Director
	IOT Utkal Energy Services Limited	Director
	RIHM Developers Private Limited	Director
Mr. K.Rama Rao	None	None
Dr. A.Venkataraman	None	None
Lt.Gen.P.R.Kumar (Appointed w.e.f. 02nd November, 2016)	RKEC Projects Limited	Director
Mr.Arun Kapoor (Resigned on 28.07.2016)	QCG Power Solutions Private Limited	Director
	Tarz Support Services Private Limited	Director
	Bermaco Integrated Green Power Projects Limited	Director

ii. Positions in Committees of all companies

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

Name of the Director	Name of the Company	Member of the Committee	Chairman of the Committee
Dr. A.N.Gupta	None	None	None
Mr. T.V.Chowdary	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
Dr. N.V.Srinivasa Rao (Resigned on 30.09.2016)	None	None	None
Col Vikram Mahajan (Retd)	None	None	None
Dr. (Mrs.) Kailash Gupta	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
		Internal Complaints Committee	No
Mr. P.R.Tripathi	Premier Explosives Limited	Audit Committee	Yes
		Nomination and Remuneration Committee	Yes
		CSR committee	Yes
	IVRCL Limited	Audit Committee	Yes
		Stakeholder Relationship Committee	Yes
	Hindusthan Dorr Oliver Limited	Audit Committee	Yes
		Stakeholder Relationship Committee	Yes
	IOT Utkal Energy Services Limited	Audit Committee	No
Mr. Anilkumar Mehta	Premier Explosives Limited	Stakeholder Relationship Committee	Yes
		Audit Committee	No
		Nomination and Remuneration Committee	No
Mr. K.Rama Rao	Premier Explosives Limited	Audit Committee	No
		Nomination and Remuneration Committee	No
Dr. A.Venkataraman	None	None	None
Gen P.R.Kumar (Retd) (Appointed w.e.f. 02.11.2016)	None	None	None
Mr.Arun Kapoor (Resigned on 28.07.2016)	Premier Explosives Limited	Audit Committee	No
	Bermaco Integrated Green Power Projects Limited	Audit Committee	No

D. Number of Board meetings held and dates on which held

The Board of Directors met 4 times during the financial year from 1st April, 2016 to 31st March, 2017. The dates on which the meetings were held are as follows:

24th May, 2016, 29th July, 2016, 02nd November, 2016 and 25th January, 2017.

E. Disclosure of relationship between directors inter se

Dr.A.N.Gupta, Chairman and Managing Director and Dr.(Mrs.) Kailash Gupta, Non Executive Director, are husband and wife. Other than them, none of the Directors is related to any other Directors.

F. Number of shares and convertible instruments held by non-executive directors:

Name	Category	No. of Shares held as on 31.03.2017
Dr.(Mrs.) Kailash Gupta	Non Executive & Non Independent Director	10,77,798
Mr.Anilkumar Mehta	Non Executive & Independent Director	3,000
Mr.P.R.Tripathi	Non Executive & Independent Director	Nil
Mr.K.Rama Rao	Non Executive & Independent Director	Nil
Mr.A.Venkataraman	Non Executive & Independent Director	Nil
Gen P.R.Kumar (Retd) (Appointed on 02.11.2016)	Non Executive & Independent Director	Nil

Note: There are no convertible instruments issued by the Company and hence, none held by the Directors during the year ended 31st March, 2017.

G. Details of familiarization programmes imparted to independent directors are given below

In every quarter during the year 2016-17

The Chairman and Managing Director apprised the directors on the latest, business developments include foreign tie ups, technology agreements, product launch and strategy adopted for expanding the Business.

The Production and Marketing Directors gave a presentation on the performance of the Company and the future outlook.

The Chief Financial Officer presented the detailed analysis of the financial results. The Internal auditors give a detailed report on their findings. The statutory auditors share their views on their observations during the course of audit.

The Company secretary prepared the necessary policies as required by various regulations of SEBI and are circulated to the directors for their comments.

The details are given in the weblink: http://www.pelgel.com/fpi.htm

3. Audit Committee

A. Brief description of Terms of reference

Audit committee reviews the audit reports submitted by the Internal Auditors and Statutory Auditors, Financial results, the effectiveness of the Internal Audit process, Management Discussion and Analysis report, Related Party Transactions, etc. These terms of reference are in line with the regulatory requirements mandated by the Companies Act, 2013 and Part C of Schedule II of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

Role of Audit Committee includes

i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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

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

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

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.

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

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

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

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

f. Disclosure of any related party transactions.

g. Modified opinion (s) in the draft audit report.

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

vi. Reviewing with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

vii. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.

viii. Approval of any subsequent modification of transactions of the Company with related parties.

ix. Scrutiny of inter-corporate loans and investments.

x. Valuation of undertakings or assets of the listed entity, wherever it is necessary.

xi. Evaluation of internal financial controls and risk management systems

xii. Reviewing with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit

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

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

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

xviii. To review the functioning of the whistle blower mechanism

xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc., of the candidate.

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

xxi. To review the management discussion and analysis of financial condition and results of operations.

xxii. To review the statement of significant related party transactions (as defined by the Audit Committee) submitted by the Management.

xxiii. To review management letters/letters of internal control weaknesses issued by the statutory auditors.

xxiv. To review internal audit reports relating to internal control weaknesses issued by the statutory audiors.

xxv. To review the appointment, removal and terms of remuneration of the chief internal auditor.

xxvi. To review the statement of deviations of the following:

a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32 (1).

b. Annual statement of Funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32 (7).

B. Composition, name of the members, and Chairperson

Audit Committee consists of 3 Non Executive-Independent directors, all of whom are financially literate and some of them are from finance and accounting profession.

Name of the director	Position
Mr. P.R.Tripathi	Chairman
Mr. Anilkumar Mehta	Member
Mr. K. Rama Rao	Member

Note: Mr.Arun Kapoor was a member of the Audit Committee until 28th July, 2017. He ceased to be a Director from 29th July, 2017.

C. Audit Committee meetings and Attendance during the financial year ended 31st March, 2017

During the year the Committee held 4 meetings on May 24, 2016, July 29, 2016, November 2, 2016 and January 25, 2017.

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. P.R.Tripathi	Chairman	4	4
Mr. Anilkumar Mehta	Member	4	4
Mr. K. Rama Rao	Member	4	4
Mr. Arun Kapoor (Ceased to be a Member w.e.f 29.07.2017)	Member	1	0

4. Nomination and remuneration committee

A. Brief description of terms of reference

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

Role of the Committee is as follows:

- Formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other Employees;
- Formulation of criteria for evaluation of Independent Directors and the Board of Directors.
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Devising a policy on Board Diversity.
- Extension or continuing the term of appointment of the Independent Director, on the basis of the report of the performance evaluation of independent directors.

B. Composition, name of the members, and chairperson

The committee consists of 3 non-executive, independent directors.

Name of the director	Position
Mr. P.R.Tripathi	Chairman
Mr. Anilkumar Mehta	Member
Mr. K.Rama Rao	Member

C. Committee meetings and attendance during the year

During the year the Committee held 2 meetings on 24th May, 2016, and 02nd November, 2016.

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

D. Criteria for performance evaluation

Performance evaluation criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. Factors of evaluation include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement.

Executive Directors

Performance of the Executive Directors is evaluated on broad criteria such as contribution and value addition to the Board and Committees thereof; contribution to the Company and management to achieve its plans, goals, corporate strategy and risk mitigation; level of participation in the Board and Committee meetings, etc. Director being evaluated does not participate in the evaluation process. The performance of Board as a whole is evaluated by the Independent Directors on the basis of its duties and responsibilities as per terms of reference. The Chairman's performance is evaluated by Independent Directors on the above parameters after taking into account the views of Executive and Non-Executive Directors.

5. Remuneration of Directors

A. There were no pecuniary transactions with any non-executive director of the Company.

B. Apart from the sitting fees, Non executive directors are not paid any remuneration. The details of the sitting fees paid to the Directors for attending Board and Committee Meetings during the year 2016-17 are given below:

S.No.	Name of the Director	Amount of Sitting fees (₹in lakhs)
1.	Dr.(Mrs.)Kailash Gupta	2.10
2.	Mr.Anilkumar Mehta	2.60
3.	Mr.P.R.Tripathi	1.50
4.	Mr.K.Rama Rao	1.40
5.	Dr.A.Venkatamanan	0.60
6	Gen.P.R.Kumar (Retd)	0.40

C. Disclosures with respect to remuneration

i. The Remuneration paid to whole time directors is as follows:

S. No.	Name of the director	Salary & allowances	Benefits	Commission	Bonus	Pension	Total
1	Dr.A.N.Gupta	144.42	30.24	37.43	-	-	212.09
2	Mr.T.V.Chowdary	42.12	18.72	12.48	-	-	73.32
3	Dr. N.V. Srinivasa Rao (is given as up to 30.09.2016-resignation date)	16.77	10.19	6.24	-	-	33.20
4	Col Vikram Mahajan (Retd)	24.73	6.05	12.48	-	-	43.26
	Total	**228.04**	**65.20**	**68.63**	**-**	**-**	**361.87**

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

iii. Variable remuneration:

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

Category	Nature	Basis of variable remuneration
Whole time Directors	Commission	X% of Profit in a year during the contract period (% as recommended by Board and approved by Shareholders.

iv. All the whole time directors have been appointed for a term of three years in accordance with the terms and conditions contained in the resolutions passed by the Members in the General Meeting.

v. There is no severance fees and stock option plan. Notice period is as per the Company's rules.

6. Stakeholders Relationship Committee:

A. Composition of the committee

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

Name of the director	Position
Mr. Anilkumar Mehta (Non Executive-Independent)	Chairman
Mr. T.V.Chowdary (Executive)	Member
Dr.(Mrs.) Kailash Gupta (Non Executive-Non Independent)	Member

B. Name and designation of the Compliance Officer

Ms. K. Vijayashree, Company Secretary

C. Shareholder's grievances

During the year under review, the Company received a total of 34 complaints from Shareholders and all were redressed to the satisfaction of the shareholders and no complaint was pending as on 31st March, 2017.

7. General body meetings

Details of the last three AGMs are as follows:

Year	Date	Venue	Time	No. of special resolutions passed
2013-14	13.08.2014	Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad -500 004	10.00 a.m.	Nil
2014-15	24.09.2015		09.30 a.m.	7
2015-16	23.09.2016		10.30 a.m	3

Postal ballot resolutions

No business was transacted through postal ballot in the last year and there are no special resolution proposed to be conducted through postal ballot

8. Means of Communication

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

The presentations made to the Investors/analysts are placed on the Company's website: www.pelgel.com

9. General shareholder information

a.	37th AGM, date, time and venue	Date: Wednesday, September 27, 2017 Time: 10.30 a.m. Venue: Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad -500 004
b.	Financial Year	April 1, 2016 to March 31, 2017
c.	Expected dividend payment date	13-23 October, 2017
d.	Listing on Stock exchanges: The Company's equity shares are listed at:	
	Name and Address of the Stock Exchange	Stock Code
	BSE Limited Phirozejeejeebhoy Towers, Dalal street, Mumbai-400001	526247
	National Stock Exchange of India Limited Exchange Plaza, Floor 5, Plot No. C/1, Bandra Kurla Complex, Bandra (East), Mumabi-400051	SYMBOL:PREMEXPLN SERIES: EQ

The listing fees for the year 2016-17 has been paid to the above stock exchanges.

Note: The Company has been listed in NSE effective from 17th June, 2016.

E. Market price Data (BSE) High / Low during each month during the year 2016-17

	High	Low
Apr-16	417.90	355.00
May-16	384.40	350.95
Jun-16	398.00	334.00
Jul-16	389.95	348.30
Aug-16	376.80	333.50
Sep-16	377.80	323.95

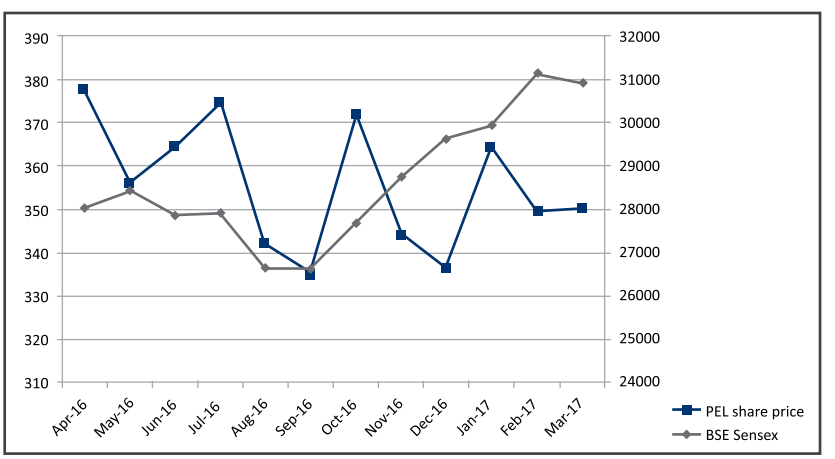
	High	Low
Oct-16	394.00	331.00
Nov-16	403.00	304.50
Dec-16	347.00	325.90
Jan-17	385.90	342.10
Feb-17	375.00	345.00
Mar-17	362.0	328.00

F. Market price Data (NSE) High / Low during each month during the year 2016-17(Listed in NSE effective from 17th June, 2016)

	High	Low
June-16	394.50	336.00
July-16	393.40	350.30
Aug-16	376.60	325.60
Sep-16	371.80	323.75
Oct-16	393.70	327.10
Nov-16	404.35	305.00

	High	Low
Dec-16	347.00	324.00
Jan-17	392.00	343.20
Feb-17	382.05	341.00
Mar-17	361.00	330.00

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



H. Distribution of shareholding as on 31.03.2017

Distribution schedule as on 31.03.2017					
Sno	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	8798	90.47	10135260	11.44
2	5001 - 10000	484	4.98	3830880	4.33
3	10001 - 20000	211	2.17	3111930	3.51
4	20001 - 30000	69	0.71	1739980	1.96
5	30001 - 40000	32	0.33	1139320	1.29
6	40001 - 50000	27	0.28	1224050	1.38
7	50001 - 100000	44	0.45	3139700	3.54
8	100001 and above	60	0.61	64264630	72.55
	Total:	**9725**	**100.00**	**88585750**	**100.00**

I. Dematerialization of shares and liquidity

The ISIN No. of the Company is: INE863B01011. As on 31st of March, 2017 the following number of shares are held in Demat and Physical mode-

Mode of holding	No. of Holders	No. of shares	% to Equity
Physical	1310	239761	2.71
Demat	8415	8618814	97.29
Total	**9725**	**8858575**	**100.00**

J. There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments as on 31.03.2017.

K. Commodity price Risk or Foreign Exchange risk and hedging activities

The Company is not carrying on any commodity business and has also not undertaken any hedging activities, hence the same are not applicable to the Company.

L. Plant locations

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

M. Address for correspondence

Company Secretary & Compliance Officer
Premier Explosives Limited,
'Premier House', 11, Ishaq Colony,
Near AOC Centre, Secunderabad-500015, Telangana
Ph: 040-66146801-3, Fax: 040-27843431
E-mail: investors@pelgel.com
Website: www.pelgel.com

10. Other Disclosures

A. Related party transactions

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

Related party transactions entered during the year 2016-17 have been at Arm's length basis and reported in Form AOC-2 attached as Annexure-7 to the Board's Report.

B. Capital market compliances

During the last three years, except for levy of a penalty of Rs.1,000 for one day delay in submitting compliance report for the quarter ended 31.12.2013 to stock exchange under para VI (ii) of clause 49 of listing agreement, there were no instances of non-compliance, penalties, strictures imposed by stock exchange or by SEBI or by any statutory authority on any matter related to capital markets.

C. Details of establishment of Vigil Mechanism (Whistle blower policy)

The Board of Directors had adopted Whistle blower policy and the Company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

No personnel has been denied access to the audit committee. A copy of the whistleblower policy is available on the website at: http://www.pelgel.com/pwb.htm

D. Compliance with mandatory requirements and adoption of the non mandatory requirements.

The company has complied with all mandatory requirements of Corporate Governance as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The non mandatory requirements will be adopted on a need basis.

E. The Company has formulated a policy on material subsidiaries and the details of such policy are available on the Company's website at: http://www.pelgel.com/pwb.htm

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

G. Disclosure of commodity price risks and commodity hedging activities

The Company does not deal in commodities, hence it is not applicable.

H. Accounting treatment

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

I. The Company has complied with the requirements of the Schedule V-Corporate Governance report sub-paras (2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

J. Disclosure of the adoption of discretionary requirements

With regard to the discretionary requirements, the Company will adopt them on a need to basis. One of the clauses of Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 adopted by the Company, is relating to the following:

The listed entity may move towards a regime of financial statements with unmodified audit opinion.

K. The Company has complied with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 wherever applicable, as on 31st March, 2017.

II. Code of conduct

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

III. Compliance certificate from Auditors

A compliance certificate from the Auditors regarding compliance with conditions of corporate governance is annexed with the Directors' report.

IV. Disclosure with respect to Demat suspense account/unclaimed suspense account

There are no shares in the demat suspense account or unclaimed suspense account; hence the disclosure is not applicable.

This report has been approved by the Board of Directors in its meeting held on 18th August, 2017.

For and on behalf of the Board

18.08.2017
Secunderabad

Dr. A.N.Gupta
Chairman & Managing Director

Declaration

As provided under Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the members of Board of directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2017.

For Premier Explosives Limited

18.08.2017
Secunderabad

Dr. A.N.Gupta
Chairman & Managing Director

Appendix to the report on corporate governance

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

Director seeking re-appointment	Col Vikram Mahajan (Retd)
Date of birth	14.02.1960
Date of appointment	06.11.2014
Qualifications	M.Tech and MBA in Marketing
Expertise in specific function areas	With 27 years of experience with the Army, he has extensive knowledge about opportunities in defence sector
Directorships held in other companies	1.Premier Wire Products Limited
	2.Godavari Explosives Limited
Memberships / Chairmanships of Committees of other companies (include only Audit Committee / Investor Grievances Committee)	None
No. of shares held in the company as on 31st March, 2017	26,463
Relationship with other directors	None

Annexure-3 to the Directors' Report

Auditors' Certificate on compliance with the conditions of Corporate Governance under Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members of
Premier Explosives Limited

We have examined the compliance of conditions of Corporate Governance by PREMIER EXPLOSIVES LIMITED ("the Company"), for the year ended 31st March, 2017, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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 specified in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We 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.

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

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

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

Hyderabad
18.08.2017

Annexure-4 to the Directors' Report

CEO and CFO Certification

To
The Board of Directors of
Premier Explosives Limited

We, Dr. A.N. Gupta, Chairman and Managing Director and C. Subba Rao, Chief Financial Officer responsible for the finance function, hereby certify that

A. We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2017 and to the best of our knowledge and belief

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2017 are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

D. We have indicated to the Auditors and Audit Committee

   1. significant changes in internal control over financial reporting during the year

   2. significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

   3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having significant role in the company's internal control system over financial reporting.

	Dr. A. N. Gupta	**C. Subba Rao**
Secunderabad	Chairman &	Chief Financial
18.08.2017	Managing Director	Officer

Annexure-5 to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2017

FORM NO.MR- 3

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

To
The Members,
Premier Explosives Limited
Secunderabad.

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

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 ("Audit Period") according to the provisions of:

   i. The Companies Act, 2013 (the Act) and the rules made thereunder;

   ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

   iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *Not applicable during the audit period*

   v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

      a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and;

      c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *not applicable during the audit period*

      d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; *not applicable during the audit period*

      e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *not applicable during the audit period*

      f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

      g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *not applicable during the audit period* and

      h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *not applicable during the audit period* and

      i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   vi. The following other industry specific acts as applicable to the Company.

      a. The Explosives Act, 1884 and Rules and notifications made there under

      b. The Electricity Act, 2003 and Rules and Regulations made thereunder

   vii. I have also examined compliance of Secretarial Standards issued by the institute of Company Secretaries of India in respect of board and general meetings of the Company.

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

The Remuneration paid to the Chairman and Managing Director, for the year 2016-17 is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act 2013 by Rs.36.07 lakhs.

Management Response in this regard had been that: The said remuneration was paid in accordance with the terms and conditions of the special resolution passed by the Shareholders of the Company in the 35th Annual General Meetings held on 24th of September, 2015, approving Dr.A.N.Gupta's reappointment as the Chairman and Managing Director.

The Company has made an application to the Central Government for the requisite approval and the approval is under process.

3. I further report that:

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

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

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

5. I, further report that during the audit period, there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above

K. V. Chalama Reddy
Practising Company Secratary
M. No: F 9268, C.P No: 5451

Hyderabad
18.08.2017

This report is to be read with my letter of even date which is given as Annexure 'A' and forms an integral part of this report.

'Annexure A'

To,
The Members
Premier Explosives Limited
Secunderabad

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

K. V. Chalama Reddy
Practising Company Secratary
M. No: F 9268, C.P No: 5451

Hyderabad
18.08.2017

Annexure-6 to the Directors' Report

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

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo			
A	**Conservation of energy (Form 'A')**	This is not applicable to the company	
B	**Technology absorption (Form 'B')**		
	a) Research & Development		
	1. Specific areas in which R & D carried out by the Development of specialised high energy chemicals company		
	2. Benefits derived as a result of above R & D	Commercializing the in-house developed products	
	3. Future plan of action	To continuously improve existing products and develop cost effective processes	
	4. Expenditure on R & D (Rs. in lakhs)	**2016-17**	**2015-16**
	Capital	3.48	-
	Recurring	109.46	89.78
	Total	**112.94**	**89.78**
	R & D expenditure as % of turnover	0.49%	0.49%
	b) Technology absorption, adaptation and innovation		
	1. Efforts	New products were developed	
	2. Benefits	Successfully started commercial production of new products	
	3. Particulars of imported technology in the last five years	No technology imported	
C	**Foreign exchange earnings and outgo (Rs. in lakhs)**	**2016-17**	**2015-16**
	Earnings	2054.94	1656.07
	Outgo	1872.17	877.58

For and on behalf of the Board

Secunderabad
18.08.2017

Dr. A. N. Gupta
Chairman & Managing Director

Annexure-7 to the Directors' report

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

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

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

Form no. AOC-2

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

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

1	Details of contracts or arrangements or transactions not at arm's length basis	No such transactions
2	Details of contracts or arrangements or transactions at arm's length basis	
	a) Name(s) of the related party and nature of relationship	Premier Wire Products Limited, a subsidiary company
	b) Nature of contracts/arrangements/transactions	A. Purchase of GI wire B. Job work for manufacture of PVC plugs
	c) Duration of the contracts / arrangements / transactions	April 2016 –March 2017
	d) Salient terms of the contracts or arrangements or transactions including the value, if any	A. Purchase of GI wire: Rs. 213.63 lakhs B. Job work of PVC plugs: Rs. 1.45 lakhs
	e) Date(s) of approval by the Board, if any	Not applicable
	f) Amount paid as advances, if any	NIL

Annexure-8 to the Directors' report

Annual report on corporate social responsibility (CSR) activities

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

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

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

2. Composition of CSR committee

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

a) Mr. P.R. Tripathi, Chairman (Independent director)

b) Dr. (Mrs.) Kailash Gupta, Member (Non-executive, non-independent director)

c) Mr. T. V. Chowdary, Member (Deputy Managing Director)

3. Average net profit for the last three financial years

Average net profit for the last 3 financial years as calculated u/s 198 (1) of the Companies Act, 1956 is Rs. 1340.50 lakhs.

4. CSR expenditure prescribed for 2016-17

Minimum amount to be spent on CSR activities for the year 2016-17 as calculated u/s 135(5) of the Companies Act, 2013, being 2% of the average net profit for last 3 years, is Rs. 26.81 lakhs.

5. Details of CSR spend for 2016-17

a) Total amount spent: Rs. 26.89 lakhs

b) Amount unspent : NIL

c) Manner the amount has been spent (Rs. in lakhs)

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
1	Mobile medical unit attending to elderly People	Health care	10 villages in Yadagirigutta mandal, Nalgonda district, Telangana (nearby the factory)	17.00	17.00	17.00	Through Helpage India
2	Pediatric cardiac care for children from economically disadvantaged families	Health care	Hyderabad	3.00	3.00	3.00	Through Hrudaya – Cure a Little Heart Foundation
3	Stipend to research students	Education	Gulbarga University and Peddakandukur	1.90	1.90	1.90	Through Gulbarga University
4	Support to schools and merit Scholarships	Education	4 villages in Yadagirigutta mandal (nearby the factory)	1.91	1.99	1.99	Directly by company

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
5	Education of tribal orphan girls	Education	Chinnaburugulaput village, Visakhapatnam district, Andhra Pradesh	1.00	1.00	1.00	Through Tribal Educational and Rural Development Society
6	Donation to Army Central Welfare Fund	Benefit of armed forces veterans, war widows and their dependents	India	2.00	2.00	2.00	Through Army Central Welfare Fund
	Total			**26.81**	**26.89**	**26.89**	

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

Secunderabad
18.08.2017

P.R. Tripathi
Chairman of the CSR Committee

T.V. Chowdary
Deputy Managing Director

Annexure-9 to the Directors' report

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

Particulars	Third calendar year (01.01.2016 to 31.12.2016)	From 01.01.2017 till date of the report
No. of complaints of sexual harassment received during the year	Nil	Nil
No. of complaints of disposed off during the year	Nil	Nil
No. of cases pending for more than 90 days	Nil	Nil
No. of workshops or awareness programmes carried out against sexual harassment	4	2
Nature of action taken by the employer or district officer	NA	NA

Annexure-10 to the Directors' Report

Form no. MGT-9

Extract of the annual return for the year ended 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Rules, 2016]

I Registration and other details

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

II Principal business activities of the company

Name and description of main products / services		NIC code of the product / service	Turnover (Rs. in lakhs)	%
High energy materials	Explosives	318103000	10820.44	47.19
	Detonators, Propellants, etc.	318105000	9624.00	41.97
	Services	33190	2333.79	10.18
	Sub total		**22778.23**	**99.34**
Others	Wind Power	35106	41.86	0.18
	Traded Items		108.35	0.48
	Sub total		**150.21**	**0.66**
	Total		**22928.44**	**100.00**

III Particulars of holding, subsidiary and associate companies

No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1	Premier Wire Products Limited	U74990TG2007PLC055427	Subsidiary	80%	2(6)
2	PELNEXT Energy Systems Private Limited	U24304TG2016PTC110919	Subsidiary	100%	2(6)

IV Share holding pattern

IV A. Category-wise shareholding

Category of Shareholders		No. of shares held at beginning of the year				No. of Shares held at end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	**Promoters**									
1	Indian									
a	Individual/HUF	42,03,013	-	42,03,013	47.45	42,23,074	-	42,23,074	47.67	0.23
b	Central Govt	-	-	-	-	-	-	-	-	-
c	State Govt	-	-	-	-	-	-	-	-	-
d	Bodies Corporate	-	-	-	-	-	-	-	-	-
e	Bank/FI	-	-	-	-	-	-	-	-	-
f	Others	-	-	-	-	-	-	-	-	-
	Sub total (A)(1)	**42,03,013**	**-**	**42,03,013**	**47.45**	**42,23,074**	**-**	**42,23,074**	**47.67**	**0.23**
2	Foreign									
a	NRI Individuals	-	-	-	-	-	-	-	-	-
b	Other Individuals	-	-	-	-	-	-	-	-	-
c	Bodies corporate	-	-	-	-	-	-	-	-	-
d	Banks/FI	-	-	-	-	-	-	-	-	-
e	Others	-	-	-	-	-	-	-	-	-
	Sub total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total shareholding of promoters (A) = (A)(1) + (A)(2)	**42,03,013**	**-**	**42,03,013**	**47.45**	**42,23,074**	**-**	**42,23,074**	**47.67**	**0.23**
B	**Public**									
1	Institutions									
a	Mutual funds	5,13,572	1,200	5,14,772	5.81	5,13,572	1,200	5,14,772	5.81	0.00
b	Banks/FI	-	100	100	-	4,796	100	4,896	0.06	0.05
c	Central govt.	-	-	-	-	-	-	-	-	-
d	State Govt.	-	-	-	-	-	-	-	-	-
e	Venture Capital Fund	-	-	-	-	-	-	-	-	-
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	FIIs	32,269	-	32,269	0.36	18,269	-	18,269	0.21	(0.16)
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i	Others	-	-	-	-	-	-	-	-	-
	Sub total (B)(1)	**5,45,841**	**1,300**	**5,47,141**	**6.18**	**5,36,637**	**1,300**	**5,37,937**	**6.07**	**(0.11)**

	Category of Shareholders	No. of shares held at beginning of the year				No. of Shares held at end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2	Non institutions									
a	Bodies corporate	8,22,400	8,901	8,31,301	9.38	5,11,887	8,901	5,20,788	5.88	(3.51)
b	Individuals									
	Individual shareholders holding nominal share capital upto Rs.1 lakh	18,35,574	2,34,960	20,70,534	23.37	19,73,992	2,29,560	22,03,552	24.87	1.50
	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	7,18,627	-	7,18,627	8.11	8,57,427	-	8,57,427	9.68	1.57
c	Others									
	NRI's	4,46,715	-	4,46,715	5.04	4,09,376	-	4,09,376	4.62	(0.42)
	NRI-Non Repatriation	-	-	-	-	36,331	-	36,331	0.41	0.41
	Clearing Members	25,745	-	25,745	0.29	21,822	-	21,822	0.25	0.04
	Trusts	-	-	-	-	-	-	-	-	-
	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub total (B)(2)	**38,64,560**	**2,43,861**	**41,08,421**	**46.38**	**38,59,103**	**2,38,461**	**40,97,564**	**46.26**	**(0.12)**
	Total public shareholding (B) = (B)(1) + (B)(2)	**44,10,401**	**2,45,161**	**46,55,562**	**52.55**	**43,95,740**	**2,39,761**	**46,35,501**	**52.33**	**(0.23)**
	Total (A+B)	**86,13,414**	**2,45,161**	**88,58,575**	**100.00**	**86,18,814**	**2,39,761**	**88,58,575**	**100.00**	
C	**Shares held by custodians for GDR's & ADR's**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand total (A+B+C)	**86,13,414**	**2,45,161**	**88,58,575**	**100.00**	**86,18,814**	**2,39,761**	**88,58,575**	**100.00**	**-**

IV B. Shareholding of promoters

	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to the total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to the total shares	
1	Amarnath Gupta	24,79,039	27.99	-	24,88,579	28.09	-	0.10
2	Amarnath Gupta (HUF)	6,56,697	7.41	-	6,56,697	7.41	-	-
3	Kailash Gupta	10,67,277	12.05	-	10,77,798	12.17	-	0.12
	Total	**42,03,013**	**47.45**	**-**	**42,23,074**	**47.67**	**-**	**0.22**

IV C. Change in promoters' shareholding

No.	Name of the promoter	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	Amarnath Gupta	24,79,039	27.99	15.04.2016	4,623	Buy	24,83,662	28.04
				23-09-2016	617	Buy	24,84,279	28.04
				25.11.2016	233	Buy	24,84,512	28.05
				02.12.2016	212	Buy	24,84,724	28.05
				09.12.2016	3,855	Buy	24,88,579	28.09
2	Amarnath Gupta(HUF)	6,56,697	7.41				6,56,697	7.41
3	Kailash Gupta	10,67,277	12.05	02.09.2016	213	Buy	10,67,490	12.05
				23.09.2016	137	Buy	10,67,627	12.05
				25.11.2016	9071	Buy	10,76,698	12.15
				13.01.2017	1100	Buy	10,77,798	12.17

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

No.	Name of the shareholder	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	Atim Kabra	4,06,291	4.59	-	-	-	4,06,291	4.59
2	L & T Mutual Fund Trustee Limited-L & T Business Cycle	1,95,400	2.21	-	-	-	1,95,400	2.21
3	Gandhi Securities & Investment private Limited	1,29,500	1.46	17.06.2016	1,000	Sale	1,28,500	1.45
				30.06.2016	4,000	Sale	1,24,500	1.41
4.	Sundaram Mutual Fund A/c Sundaram Select MicroCap	1,05,720	1.19	-	-	-	1,05,720	1.19
5	Progressive Share Brokers Private Limited	1,01,608	1.15	27.05.2016	8	Sale	1,01,600	1.15
				03.06.2016	1600		100,000	1.13
				16.09.2016	8519		91,481	1.03
				23.09.2016	3209		88,272	1.00
				02.12.2016	113		88,159	1.00
				23.12.2016	5000		83,159	0.94
				30.12.2016	83109		50	0.00
				06.01.2017	50	Buy	100	0.00
				03.02.2017	100	Buy	200	0.00
				10.03.2017	4264	Buy	4,464	0.05
				31.03.2017	56352	Buy	60,816	0.69

No.	Name of the shareholder	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
6	Wallfort Financial Services Limited	100,000	1.13				100,000	1.13
7	Shaktiprakash Kailwoo	92,500	1.04	30.09.2016	580		93,080	1.05
				20.01.2017	1,100		94,180	1.06
8	JMP Securities Private Limited	90,425	1.02	08.04.2016	1,559	Sale	88,866	1.00
				15.04.2016	866		88,000	0.99
				22.04.2016	24,000		64,000	0.72
				29.04.2016	24,000		40,000	0.45
				06.05.2016	1,122		38,878	0.44
				13.05.2016	878		38,000	0.43
				24.06.2016	5,071		32,929	0.37
				01.07.2016	2,234		30,695	0.35
				15.07.2016	750		29,975	0.34
				05.08.2016	11,376		18,569	0.21
				09.09.2016	930		17,639	0.20
				23.09.2016	4,339		13,300	0.15
				30.09.2016	1,688		11,612	0.13
				07.10.2016	1,312		10,300	0.12
				14.10.2016	10,300		0	0.00
				21.10.2016	2,300	Buy	2,300	0.03
				28.10.2016	100		2,200	0.02
				11.11.2016	200	Sale	2,000	0.02
9	Mamta Agarwal	0	0.00	22.04.2016	36,429	Buy	36,429	0.41
				06.05.2016	38,571	Buy	75,000	0.85
10	Rishi Agarwal	19300	0.22	22.04.2016	50,700	Buy	70,000	0.79

IV E. Shareholding of directors and key managerial personnel

No.	Director / KMP	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
Directors								
1	Amarnath Gupta	24,79,039	27.99	15.04.2016	4,623	Buy	24,83,662	28.04
				23-09-2016	617	Buy	24,84,279	28.04
				25.11.2016	233	Buy	24,84,512	28.05
				02.12.2016	212	Buy	24,84,724	28.05
				09.12.2016	3,855	Buy	24,88,579	28.09
2	Kailash Gupta	10,67,277	12.05	02.09.2016	213	Buy	10,67,490	12.05
				23.09.2016	137	Buy	10,67,627	12.05
				25.11.2016	9,071	Buy	10,76,698	12.15
				13.01.2017	1,100	Buy	10,77,798	12.17
3	T.V.Chowdary	25,000	0.28	04/01/2017	1,000	Buy	26,000	0.29
4	Vikram Mahajan	25,963	0.29	12.09.2016	500	Buy	26,463	0.30
5	AnilKumar Mehta	4,000	0.05	27.01.2017	1,000	Sell	3,000	0.03
6	P.R.Tripathi	-	-	-	-	-	-	-
7	A.Venkataraman	-	-	-	-	-	-	-
8	K.Rama Rao	-	-	-	-	-	-	-
9	P.R.Kumar	-	-	-	-	-	-	-
KMP								
10	C. Subba Rao (CFO)	2,000	0.02	-	-	-	2,000	0.02
11	K.Vijayashree (Company Secretary)	-	-	-	-	-	-	-

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

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
At beginning of the financial year				
i) Principal Amount	1518.03	772.79	-	2290.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	53.98	-	53.98
Total (i + ii + iii)	**1518.03**	**826.77**	**-**	**2344.80**
Change during the financial year				
Addition	2639.09	47.09	-	2686.18
(Reduction)	(867.11)	(231.57)	-	(1098.68)
Net Change	**1771.98**	**(184.48)**	**-**	**1587.50**
At end of the financial year				
i) Principal Amount	3280.51	565.10	-	3845.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9.50	77.19	-	86.69
Total (i +ii + iii)	**3290.01**	**642.29**	**-**	**3932.30**

VI Remuneration of directors and key managerial personnel

A. Remuneration to MD and DMD (Rs. in lakhs)

No.	Remuneration	A.N. Gupta (CMD)	T.V. Chowdary (DMD)	Vikram Mahajan (Director Marketing)	N.V. Srinivasa Rao* (Director Production)	Total
1	**Gross salary**					
	Salary u/s 17(1)	158.14	53.71	26.60	24.12	262.57
	Perquisites u/s 17(2)	8.49	3.24	1.90	1.29	14.92
	Profits in lieu of salary u/s 17(3)	-	-	-		-
2	**Stock option**	-	-	-		-
3	**Sweat equity**	-	-	-		-
4	**Commission**					
	as % of profit	37.44	12.48	12.48	6.24	68.64
	others	-	-	-		-
5	**Others**					-
	Provident fund	13.33	3.89	2.28	1.55	21.05
	Total	**217.40**	**73.32**	**43.26**	**33.20**	**367.18**
	Recovery towards excess remuneration for 2014-15	(5.31)	-	-	-	(5.31)
	Net	**212.09**	**73.32**	**43.26**	**33.20**	**361.87**
	Ceiling as per the Act					331.11

* till September 30, 2016

B. Remuneration to other directors (Rs. in lakhs)

No.	Remuneration	Anil Kumar Mehta	P.R. Tripathi	A. Venkata raman	K. Rama Rao	P.R. Kumar	Kailash Gupta	Total
1	**Independent directors**							
	Fee for attending Board / Committee meetings	2.60	1.50	0.60	1.40	0.40	-	6.50
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (1)	**2.60**	**1.50**	**0.60**	**1.40**	**0.40**	**-**	**6.50**
2	**Other non-executive directors**							
	Fee for attending Board / Committee meetings	-	-	-	-	-	2.10	2.10
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**2.10**	**2.10**
	Total (1+2)	**2.60**	**1.50**	**0.60**	**1.40**	**0.40**	**2.10**	**8.60**

Total managerial remuneration: Rs.375.78 lakhs;

Overall ceiling as per the Act: Rs.339.71 lakhs

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

No.	Remuneration	C. Subba Rao CFO	K.Vijayashree Company Secretary	Total
1	**Gross salary as per provisions of the Income Tax Act, 1961**			
	a) Salary u/s 17(1)	29.51	7.91	37.42
	b) Value of perquisites u/s 17(2)	-	-	-
	c) Profits in lieu of salary u/s 17(3)	-	-	-
2	**Stock option**	-	-	-
3	**Sweat equity**	-	-	-
4	**Commission**			
	as % of profit	-	-	-
	others	-	-	-
5	**Others (Gratuity)**	4.95	-	4.95
	Total	**34.46**	**7.91**	**42.37**

VII Penalties, Punishments, Compounding of offences

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

Annexure-11 to the Directors' Report

Particulars of remuneration and other disclosures

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

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

	Name	Designation	Amount of remuneration paid for the year (Rs. in lakhs)		Increase / (decrease) (Rs. in lakhs)	Increase / (decrease) %	Ratio to median remuneration of employees
			2016-17	2015-16			
1	A.N. Gupta	CMD	217.40	180.74	36.66	20.28	95.77
2	T.V. Chowdary	Deputy Managing Director	73.32	57.84	15.48	26.76	32.30
3	Vikram Mahajan	Director - Marketing	43.26	35.05	8.21	23.42	19.06
4	N.V. Srinivasa Rao	Director Production	33.20*	49.96	(16.76)	(33.55)	14.63
5	C. Subba Rao	CFO (KMP)	34.46^	27.21	7.25	26.64	15.18
6	K. Vijayasree	CS (KMP)	7.91	6.79	1.12	16.50	3.49
	Total		**409.55**	**357.59**	**51.96**	**14.53**	**NA**

*till 30.09.2016; year to year amounts not comparable

^ including 4.95 towards one-time gratuity

2. Median remuneration of the employees was Rs. 2.75 lakhs during the 2016-17 and Rs. 2.27 lakhs during 2015-16.
3. Median remuneration of employees during 2016-17 has increased by 21% compared to 2015-16.
4. Number of permanent employees on the rolls of the company as on 31.03.2017 was 1,163 (1,152 as on 31.03.2016).
5. Remuneration has been paid as per remuneration policy.

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

a. Particulars of top ten employees in terms of remuneration and also who were in receipt of remuneration not less than Rs. 102 lakhs per annum or Rs. 8.50 lakhs per month during the year 2016-17

No.	Employee name	Designation	Remuneration (Rs. in lakhs)	Nature of employment - contractual or otherwise	Qualification, Date of joining, Experience, Date of birth and Age	Last employment and designation	No. and % of equity shares held at year-end	Relationship to any other director
1	A.N. Gupta	Chairman and Managing Director	217.40	Contractual	M.Sc., D.Sc., 14-Feb-80 50 years 14-apr-45 72 years	I.E.L. Limited, Area Sales Manager	24,88,579 28.09%	Dr. (Mrs.) Kailash Gupta is his wife
2	T.V.Chowdary	Deputy Managing Director	73.32	Contractual	B.Sc. (Tech) & (Petroleum) 25-May-89 35 years 16-Aug-57 60 years	STP Limited Production Manager	26,000 0.29%	None

No.	Employee name	Designation	Remuneration (Rs. in lakhs)	Nature of employment - contractual or otherwise	Qualification, Date of joining, Experience, Date of birth and Age	Last employment and designation	No. and % of equity shares held at year-end	Relationship to any other director
3	Vikram Mahajan	Director Marketing	43.26	Contractual	M.Tech., MBA 25-May-12 36 years 14-Feb-60 57 years	Indocopters Pvt Ltd Sr Vice President	26,463 0.30%	None
4	N.V.Srinivasa Rao (till 30.09.2016)	Director Production	33.20	Contractual	M.Sc., Ph.D. 06-Aug-97 33 years 03-Jan-56 61 years	Pennar Chemicals Plant Manager	7,550 0.09%	None
5	C.Subba Rao	CFO	34.46	Permanent	FCA 26-Feb-10 29 years 10-Apr-61 56 years	GMR Foundation Head of Finance	2,000 0.02%	None
6	R P Sharma	Vice President	24.99*	Permanent	M.Sc.(Org.Chem) 01-Jun-16 25 years 09-Oct-69 48 years	Solar Industries Ltd DGM	-	None
7	Y.Durga Prasada Rao	President	22.61	Permanent	B.E. Mechanical 01-Jul-89 32 years 20-May-63 54 years	Rohini Refractories Ltd Mechanical Engineer	-	None
8	Y. Krishna Rao	Vice President	20.94	Permanent	M.Com. 03-Sep-86 36 years 17-Jun-50 67 years	A.P.Rayons Ltd Accounts Officer	100 -%	None
9	Shailendra Pathak	Vice President	19.26*	Permanent	B.Tech, MBA, PGDPM (HR&IR) 01-Oct-16 30 years 24-Feb-67 50 years	TRC Wall Pak Ltd Plant Head	-	None
10	Indraneel Deb	General Manager	18.04*	Permanent	B.E. (Mech) M.Tech (Aerospace) PMM, Six Sigma 02-Feb-16 25 years 06-Sep-69 48 years	Reliance Defence & Engineering Ltd DGM (Guns & Missiles)	-	None

*new employees with less than 12 months service; remuneration annualised

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

Independent Auditor's Report

To

The Members of PREMIER EXPLOSIVES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of PREMIER EXPLOSIVES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 29.2.8 to the financial statements. As referred to in this note, the managerial remuneration paid to the Chairman and Managing Director for the year ended 31st March, 2017 is in excess of the limits laid down under Section 197 read with Schedule V of the Act by Rs.36.07 lakhs. In this regard we have been informed by the Management of the Company that they have already sought the approval from the Central Government in respect of the above said amount, which is yet to be received.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.29.2.3 to the financial statements;

ii. The Company did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at 31st March, 2017;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2017;

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, as stated in notes to the financial statements (Refer Note No.29.2.28) amounts aggregating to Rs.0.09 lakhs as represented to us by the Management have been received from transactions which are not permitted.

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

P.V.R.K. NAGESWARA RAO
Partner
Membership Number: 18840

HYDERABAD
27.05.2017

Annexure A to Independent Auditor's Report

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

1 (a) The company has maintained proper records showing full particulars including quantitative details except situation of Fixed Assets.

(b) The fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2 The inventories of the company have been physically verified at reasonable intervals during the year by the Management except stocks lying with outside warehouses which have been verified with reference to certificates and other relevant documents where available. The discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.

3 The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.

4 The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the Order are not applicable to the Company.

5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

6 We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

7 (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on 31st March, 2017 which are outstanding for a period of more than six months from the date they became payable.

(b) According to the records of the Company and as per the information and explanations given to us, there are no dues of service tax, duty of customs and duty of excise which has not been deposited on account of dispute as on 31st March, 2017, except central sales tax, value added tax and income tax the details of which are as given below:

Name of the Statute	Nature of the dues	Year to which it relates	Amount Rs. in lakhs	Forum where dispute is pending
Central Sales Tax	Sales Tax	2007-08	151.31	Honourable High Court of Andhra Pradesh and Telangana
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	2009-10 to 2015-16	424.52	Honourable High Court of Judicature at Madras
Income Tax Act, 1961	Income tax	2013-14	36.74	The Deputy Commissioner of Income Tax, Circle-16(2), Hyderabad

8 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. There was no amount raised by the Company through the issue of Debentures.

9 The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11 Except for managerial remuneration paid/ provided to Chairman and Managing Director in excess aggregating to Rs.36.07 lakhs, the managerial remuneration paid/ provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. The Company has sought the approval from the Central Government in respect of the above said amount and also obtained declaration from Chairman and Managing Director for the recovery of excess amount paid/provided in case of non receipt of approval from the Central Government.

12 As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13 The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14 The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15 The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

P.V.R.K. NAGESWARA RAO
Partner
Membership Number: 18840

HYDERABAD
27.05.2017

Annexure B to Independent Auditor's Report

Referred to in Paragraph 2(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PREMIER EXPLOSIVES LIMITED ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P.V.R.K. NAGESWARA RAO
Partner
Membership Number: 18840

HYDERABAD
27.05.2017

Balance Sheet as at 31st March, 2017

(Rs. in lakhs)

Particulars	Note no.	As at 31st March, 2017	As at 31st March, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	1	**885.86**	885.86
Reserves and surplus	2	**12,838.51**	5,659.27
		13,724.37	6,545.13
Non-current liabilities			
Long-term borrowings	3	**656.37**	31.85
Deferred tax liabilities (net)	4	**339.01**	408.50
Other long-term liabilities	5	**48.35**	73.35
Long-term provisions	6	**312.78**	233.66
		1,356.51	747.36
Current liabilities			
Short-term borrowings	7	**3,163.76**	2,177.36
Trade payables:			
Total outstanding dues of micro enterprises and small enterprises (Refer note no.29.2.10)		**17.31**	17.31
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,089.22**	1,169.62
Other current liabilities	8	**2,154.32**	2,055.01
Short-term provisions	9	**546.66**	257.52
		6,971.27	5,676.82
Total		**22,052.15**	12,969.31
Assets			
Non-current assets			
Fixed assets	10		
Tangible assets		**10,031.60**	3,942.11
Intangible assets		**4.44**	2.94
		10,036.04	3,945.05
Capital work in progress		**368.96**	241.82
		10,405.00	4,186.87
Non-current investments	11	**534.02**	525.00
Long-term loans and advances	12	**453.11**	352.06
Other non-current assets	13	**177.12**	175.33
		11,569.25	5,239.26
Current assets			
Inventories	14	**3,350.70**	2,232.61
Trade receivables	15	**5,723.71**	4,237.24
Cash and bank balances	16	**509.72**	664.77
Short-term loans and advances	17	**587.62**	533.40
Other current assets	18	**311.15**	62.03
		10,482.90	7,730.05
Total		**22,052.15**	12,969.31
Summary of significant accounting policies and other explanatory information	29		

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Statement of Profit and Loss for the year ended 31st March, 2017

(Rs. in lakhs)

Particulars	Note no.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue			
Revenue from operations			
Sale of products		**22,769.02**	18,370.07
Sale of traded goods		**109.88**	38.01
Sale of services	19	**2,333.79**	1,808.86
Other operating revenues	20	**143.18**	68.20
		25,355.87	20,285.14
Less: Excise duty		**2,284.25**	1,786.49
		23,071.62	18,498.65
Other income	21	**66.82**	46.45
Total revenue		**23,138.44**	18,545.10
Expenses			
Cost of raw materials consumed	22	**12,626.96**	9,688.80
Purchase of stock in trade		**108.84**	34.49
Changes in inventories of finished goods, work-in-progress and scrap	23	**(543.70)**	418.48
Employee benefits expense	24	**5,053.21**	4,026.90
Finance costs	25	**437.33**	374.49
Research and development expenses	26	**109.46**	89.78
Depreciation (net) and amortisation expense	10	**346.42**	332.39
Other expenses	27	**2,877.47**	2,479.47
Total expenses		**21,015.99**	17,444.80
Profit before exceptional items and tax		**2,122.45**	1,100.30
Add/(less): Exceptional items (net)	28	**58.15**	(269.46)
Profit before tax		**2,180.60**	830.84
of which discontinuing operations		**19.76**	5.72
Tax expense			
Current tax		**775.00**	445.00
Deferred tax		**(69.49)**	(178.77)
Income tax adjustments		**-**	(2.90)
		705.51	263.33
of which discontinuing operations		**-**	-
Profit after tax		**1,475.09**	567.51
of which discontinuing operations		**19.76**	5.72
Earnings per equity share			
(Face value: Rs.10/- per share)			
Basic/Diluted - Rs.			
(i) Total operations		**16.65**	6.41
(ii) Continuing operations		**16.43**	6.34
Summary of significant accounting policies and other explanatory information	29		

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Cash flow statement for the year ended 31st March, 2017

(Rs. in lakhs)

	Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
A	**Net cash flow from operating activities**			
	Net profit before exceptional items and tax		**2,122.45**	1,100.30
	Adjustments for			
	Depreciation		**346.42**	332.39
	Interest expense		**283.58**	251.68
	Interest income		**(32.51)**	(30.39)
	Provision for liabilities no longer required, written back		**(1.54)**	(3.82)
	Book deficit on assets discarded		**3.30**	3.94
	Profit on sale of wind mill		**(58.15)**	-
	(Profit)/Loss on sale of assets (net)		**(0.43)**	(100.10)
	Unrealised foreign exchange gain(net)		**(39.57)**	(7.23)
	Operating profit before working capital changes		**2,623.55**	1,546.77
	Adjustments for			
	(Increase)/decrease in inventories		**(1,118.09)**	181.72
	(Increase) in trade receivables		**(1,491.40)**	(901.74)
	(Increase)/decrease in long-term loans and advances		**53.14**	(42.05)
	(Increase)/decrease in other non-current assets		**3.13**	(47.40)
	(Increase) in short-term loans and advances		**(54.22)**	(235.76)
	(Increase) in other current assets		**(244.88)**	(40.04)
	Increase/(decrease) in trade payables		**(80.40)**	377.98
	Increase/(decrease) in other current liabilities		**(8.33)**	742.99
	Increase in short-term provisions		**38.07**	1.68
	Increase in long-term provisions		**79.12**	56.11
	(Decrease) in other long-term liabilities		**(25.00)**	(2.62)
	Cash generated from operations		**(225.31)**	1,637.64
	Income tax paid		**(536.80)**	(342.03)
	Net cash generated from operations before exceptional items		**(762.11)**	1,295.61
	Exceptional items (net)		**58.15**	(269.46)
	Total	A	**(703.96)**	1,026.15

Cash flow statement for the year ended 31st March, 2017 (Continued)

(Rs. in lakhs)

	Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
B	**Cash flow from investing activities**			
	Capital expenditure		**(1,164.03)**	(514.59)
	Proceeds from disposal of fixed assets		**271.50**	115.27
	Investments in bank deposits (original maturity of more than three months) (net)		**(101.15)**	(36.05)
	Interest received		**23.35**	26.22
	Investment in subsidiary companies		**(476.00)**	-
	Redemption of investment in preference shares of associate company		**475.00**	-
	Investment in joint venture		**-**	(5.00)
	Total	B	**(971.33)**	(414.15)
C	**Cash flow from financing activities**			
	Proceeds/(repayment) of long-term borrowings (net)		**624.52**	(30.65)
	Increase in short-term borrowings		**1,032.00**	395.54
	Interest paid		**(228.36)**	(217.56)
	Dividend and dividend tax paid		**(8.67)**	(417.81)
	Total	C	**1,419.49**	(270.48)
D	**Exchange difference on translation of foreign currency cash and cash equivalents**	D	**(1.22)**	(1.92)
E	**Cash and cash equivalents at the end of the year**			
	Net increase in cash and cash equivalents	A+B+C+D	**(257.02)**	339.60
	Cash and cash equivalents at the beginning of the year		**367.10**	27.50
	Total	E	**110.08**	367.10

Notes

1 Cash flow statement has been prepared under 'Indirect method' in accordance with 'Accounting Standard - 3 Cash flow statement',

2 Summary of significant accounting policies and other explanatory information on accounts (Note No. 29) 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

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
1	**Share capital**		
	Authorised		
	1,00,00,000 (Previous year: 1,00,00,000) Equity shares of Rs.10/- each	**1,000.00**	1,000.00
	Issued		
	88,58,575 (Previous year: 88,58,575) Equity shares of Rs.10/- each	**885.86**	885.86
	Subscribed and paid up		
	88,58,575 (Previous year: 88,58,575) Equity shares of Rs.10/- each, fully paid	**885.86**	885.86

Reconciliation of the number of equity shares outstanding and amount of share capital is set out below:

Particulars	No. of shares	Amount	No. of shares	Amount
Equity Shares outstanding at the beginning of the year	**88,58,575**	**885.86**	88,58,575	885.86
Add: Equity Shares issued during the year	**-**	**-**	-	-
Equity Shares outstanding at the end of the year	**88,58,575**	**885.86**	88,58,575	885.86

Details of shareholders holding more than 5% equity shares as on 31.03.2017 is set out below:

Name of the shareholder	No. of shares held	% of share holding	No. of shares held	% of share holding
Promoters' group				
Dr. A.N.Gupta	**24,88,579**	**28.09%**	24,79,039	27.99%
Dr. (Mrs.) Kailash Gupta	**10,77,798**	**12.17%**	10,67,277	12.05%
A. N. Gupta (HUF)	**6,56,697**	**7.41%**	6,56,697	7.41%

Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
2	**Reserves and surplus**		
	Capital reserve		
	Subsidy received	**30.57**	30.57
	Shares forfeited	**0.13**	0.13
		30.70	30.70
	Securities premium account		
	As per last account	**551.78**	551.78
	Add: Premium received on allotment of equity shares	**-**	-
		551.78	551.78
	General reserve		
	As per last account	**1,500.00**	1,350.00
	Add: Amount transferred from statement of profit and loss	**200.00**	150.00
		1,700.00	1,500.00
	Revaluation reserve (Refer Note No.29.2.4)	**5,704.15**	-
	Balance in statement of profit and loss (Surplus)		
	As per last account	**3,576.79**	3,372.52
	Add: Profit for the year as per statement of profit and loss	**1,475.09**	567.51
	Total available for allocations and appropriations	**5,051.88**	3,940.03
	Less: Allocations and appropriations		
	Interim dividend	**-**	177.17
	Dividend tax	**-**	36.07
	Transferred to General reserve	**200.00**	150.00
	Profit carried forward to next year	**4,851.88**	3,576.79
		12,838.51	5,659.27

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
3	**Long term borrowings**		
	Secured		
	Term loan from HDFC Bank Limited	**650.00**	-
	Less: Current maturities of long-term debt	**-**	-
		650.00	-
	Above loan is secured by first charge on the assets financed out of the said loan including land and building and second charge on current assets of the company and personal guarantee by Chairman and Managing Director of the company		
	Repayment: 16 equal quarterly installments of Rs. 40.63 lakhs each (June, 2018 to March, 2022)		
	Interest rate: 9.25% p.a. as on 31st March, 2017		
	Unsecured		
	Term loan from Yes Bank Limited	**-**	62.50
	Less: Current maturities of long-term debt	**-**	62.50
		-	-
	Personal guarantee of two directors of the company		
	Original amount of Loan: Rs. 300 lakhs		
	Repayment: 24 monthly installments of Rs. 12.50 lakhs each (September, 2014 to August, 2016)		
	Period of maturity from balance sheet date: Nil		
	Interest rate: Base rate (10.25% as on 31st March, 2016) + 1.45% p.a.		
	Term loan from HDFC Bank Limited	**31.85**	50.96
	Less: Current maturities of long-term debt	**25.48**	19.11
		6.37	31.85
	Above loan is secured by exclusive charge on machinery financed out of the said loan. The Company paid advance for the machinery out of the loan. However since the machinery is not yet delivered the loan is classified unsecured.		
	Repayment: 8 equal quarterly installments of Rs. 6.37 lakhs each (September, 2016 to June, 2018)		
	Interest rate: 11.15% p.a. as on 31st March, 2017		
	There is no continuing default as on the balance sheet date in repayment of loan and interest amounts		
		656.37	31.85

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
4	**Deferred tax liabilities (net)**		
	Balance at the beginning of the year	**408.50**	587.27
	Adjustment for the current year	**(69.49)**	(178.77)
	(Refer note no.29.2.15)		
		339.01	408.50
5	**Other long term liabilities**		
	Deposits from dealers and others	**48.35**	73.35
		48.35	73.35
6	**Long term provisions**		
	Provision for employee benefits	**312.78**	233.66
		312.78	233.66
7	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Working capital loans from banks	**2,630.51**	1,518.03
	Above loans are secured by hypothecation of stocks, receivables, other current assets and fixed assets of the company and personal guarantee of two directors of the company		
	Above loans carry interest @ 4.25% to 10.80% p.a.		
	There is no default as on the balance sheet date in repayment of loans and interest amounts		
	Unsecured		
	Loan repayable on demand		
	Working capital loan from a bank	**-**	149.96
	Personal guarantee of two directors of the company		
	Above loans carry interest @ 11.25% to 11.75% p.a.		
	Loans from related parties	**533.25**	509.37
	(Refer note no.29.2.13)		
	Above loans carry interest @ 12.5% p.a.		
	There is no default as on the balance sheet date in repayment of loans and interest amounts		
		3,163.76	2,177.36

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
8	**Other current liabilities**		
	Current maturities of long-term debt		
	Loan from banks	**25.48**	81.61
	Interest accrued but not due on borrowings	**86.69**	53.97
	Advances from customers	**268.55**	590.44
	Unclaimed dividend	**21.20**	20.38
	(There is no amount due and outstanding to be credited to investor education and protection fund)		
	Other payables		
	Statutory liabilities	**308.48**	250.03
	Creditors for capital works	**115.55**	39.79
	Employee benefits payable	**768.10**	435.17
	Creditors for expenses	**560.27**	583.62
		2,154.32	2,055.01
9	**Short term provisions**		
	Employees benefits	**71.34**	33.27
	Interim dividend payable	**-**	8.67
	Income tax (net of prepaid taxes)	**436.17**	198.93
	Interest on income tax	**39.15**	16.65
		546.66	257.52

Notes to Balance sheet

10. Fixed assets

(Rs. in lakhs)

	Description of assets	Gross block					Depreciation / Amortisation				Net block	
		Cost as at 01.04.2016	Additions during the year	Additions due to revaluation at fair market value	Deductions/ Adjustments during the year	Total cost as at 31.03.2017	Up to 31.03.2016	For the year	On deductions	Total up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
A.	**Tangible assets**											
	Own assets											
	Freehold land*	432.41	11.66	5,704.15	11.02	**6,137.20**	-	-	-	**-**	**6,137.20**	432.41
	Roads and buildings	1,527.17	230.43	-	-	**1,757.60**	424.23	60.95	-	**485.18**	**1,272.42**	1,102.94
	Plant and equipment	3,889.93	603.22	-	434.68	**4,058.47**	1,710.10	241.60	238.52	**1,713.18**	**2,345.29**	2,179.83
	Research and development equipment	136.61	3.48	-	-	**140.09**	58.42	9.64	-	**68.06**	**72.03**	78.19
	Data processing equipment	63.33	5.54	-	9.06	**59.81**	53.40	3.95	8.64	**48.71**	**11.10**	9.93
	Office equipment	63.90	11.81	-	0.42	**75.29**	46.25	5.72	0.40	**51.57**	**23.72**	17.65
	Furniture and fittings	73.40	17.95	-	0.19	**91.16**	37.34	8.70	0.19	**45.85**	**45.31**	36.06
	Vehicles	123.76	68.51	-	33.47	**158.80**	57.36	14.26	16.85	**54.77**	**104.03**	66.40
	Leased assets											
	Leasehold land	19.19	2.00	-	-	**21.19**	0.49	0.20	-	**0.69**	**20.50**	18.70
	Total tangible assets	6,329.70	954.60	5,704.15	488.84	**12,499.61**	2,387.59	345.02	264.60	**2,468.01**	**10,031.60**	3,942.11
B.	**Intangible assets**											
	Own assets											
	ERP licence fee	8.32	-	-	-	**8.32**	8.32	-	-	**8.32**	**-**	-
	Software	20.81	2.90	-	-	**23.71**	17.87	1.40	-	**19.27**	**4.44**	2.94
	Total intangible assets	29.13	2.90	-	-	**32.03**	26.19	1.40	-	**27.59**	**4.44**	2.94
	Total	6,358.83	957.50	5,704.15	488.84	**12,531.64**	2,413.78	346.42	264.60	**2,495.60**	**10,036.04**	3,945.05
	Previous year total	6,188.84	198.18	-	28.19	**6,358.83**	2,090.47	332.39	9.08	**2,413.78**	**3,945.05**	4,098.37
C.	**Capital Work-in-progress**	241.82	790.82	-	663.68	**368.96**	-	-	-	**-**	**368.96**	241.82

*Note: Freehold Land was revalued by registered valuers as at 31st December, 2016 (Refer Note No.29.2.4)

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
11	**Non-current investments**		
	(Long term investments, non-trade, unquoted, fully paid up)		
	Investments in equity shares		
	(At cost less provision for other than temporary diminution in value, if any)		
	Investment in associate company		
	Nil (Previous year: 4,50,000) Equity shares of Rs.10/- each in Premier Wire Products Limited	**-**	45.00
	Investment in subsidiary company		
	52,00,000 Equity shares of Rs.10/- each in Premier Wire Products Limited	**520.00**	-
	10,000 Equity shares of Rs.10/- each in PELNEXT Defence Systems Private Limited	**1.00**	-
	Investment in joint venture		
	50,000 (Previous year: 50,000) Equity shares of Rs.10/- each in BF Premier Energy Systems Private Limited	**5.00**	5.00
	Investments in preference shares		
	Investment in associate company		
	Nil (Previous year: 47,50,000) 11% redeemable, non-convertible & cumulative Preference shares of Rs.10/- each in Premier Wire Products Limited	**-**	475.00
	Investment property (at cost)		
	Land	**8.02**	-
		534.02	525.00
	Aggregate amount of unquoted investments	**526.00**	525.00
	Aggregate provision for diminution in value of investments	**-**	-
12	**Long term loans and advances**		
	(Unsecured, considered good)		
	Capital advances	**321.96**	166.81
	Security deposits	**114.98**	165.86
	Loans and advances to staff	**0.24**	2.50
	Prepaid taxes	**15.93**	16.89
		453.11	352.06

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
13	**Other non-current assets**		
	(Unsecured, considered good)		
	Long term trade receivables	**32.99**	37.23
	Long term prepaid expenses	**81.98**	80.87
	Bank deposits with original maturity of more than 12 months	**50.00**	50.00
	Interest accrued on deposits with banks	**12.15**	7.23
		177.12	175.33
14	**Inventories**		
	(Valued at lower of cost and net realisable value, except the scrap which is valued at net realisable value)		
	Raw materials	**1,563.74**	1,170.93
	(including stock in transit of Rs.43.38 lakhs, Previous year: 17.94 lakhs)		
	Work-in-progress	**827.24**	351.68
	Finished goods	**260.36**	175.83
	Stores and spares	**695.19**	525.93
	Scrap	**4.17**	8.24
		3,350.70	2,232.61
15	**Trade receivables**		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they became due for payment	**564.17**	828.94
	Others	**5,159.54**	3,408.30
		5,723.71	4,237.24

Notes to Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
16	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	**1.19**	6.49
	Balances with banks		
	Current accounts	**108.48**	360.60
	Cash credit account	**0.41**	0.01
		110.08	367.10
	Other bank balances		
	Unpaid dividend	**21.20**	20.38
	Bank deposits with original maturity of more than 3 months but less than 12 months	**2.85**	-
	Bank deposits with banks held as margin money and as security against bank guarantees	**375.59**	277.29
		399.64	297.67
		509.72	664.77
17	**Short term loans and advances**		
	(Unsecured, considered good)		
	Advances to suppliers	**231.21**	240.03
	Balances with central excise	**145.51**	104.90
	Prepaid expenses	**138.27**	124.68
	Loans and advances to staff	**6.51**	4.13
	Vat credit receivable	**1.51**	6.08
	Service tax credit receivable	**28.52**	24.94
	Advances for expenses	**36.09**	28.64
		587.62	533.40
18	**Other current assets**		
	Interest accrued on deposits	**15.68**	11.44
	Export incentives receivable	**16.11**	17.14
	Unbilled revenue	**279.36**	33.45
		311.15	62.03

Notes to Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
19	**Sale of services**		
	Operations and maintenance services	**2,041.60**	1,600.59
	Job work and other services	**292.19**	141.71
	Royalty and technology transfer fees	**-**	66.56
		2,333.79	1,808.86
20	**Other operating revenues**		
	Sale of scrap arising out of manufacturing process	**82.94**	44.11
	Export incentives	**60.24**	24.09
		143.18	68.20
21	**Other income**		
	Interest income	**32.51**	30.39
	Profit on sale of property, plant and equipment	**0.43**	-
	Net gain on foreign currency transactions and translations	**19.49**	-
	Provision for liabilities no longer required, written back	**1.54**	3.82
	Other non-operating income	**12.85**	12.24
		66.82	46.45
22	**Cost of raw materials consumed**		
	Opening stock	**1,170.93**	936.13
	Add: Purchases	**13,019.77**	9,923.60
		14,190.70	10,859.73
	Less: Closing stock	**1,563.74**	1,170.93
		12,626.96	9,688.80
23	**Changes in inventories of finished goods, work-in-progress and scrap**		
	Finished goods		
	Closing stock	**260.36**	175.83
	Opening stock	**175.83**	580.66
		(84.53)	404.83
	Excise duty adjustment		
	Excise duty on closing stock	**33.11**	20.79
	Excise duty on opening stock	**20.79**	76.14
	Excise duty adjustment on finished goods	**12.32**	(55.35)
	Work-in-progress		
	Closing stock	**827.24**	351.68
	Opening stock	**351.68**	417.51
		(475.56)	65.83
	Scrap		
	Closing stock	**4.17**	8.24
	Opening stock	**8.24**	11.41
		4.07	3.17
		(543.70)	418.48

Notes to Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
24	**Employee benefits expense**		
	Salaries, wages, bonus and other benefits	**4,448.31**	3,526.27
	Contribution to provident fund and other funds	**400.74**	326.01
	Contribution to ESI	**17.94**	8.14
	Staff welfare expenses	**186.22**	166.48
		5,053.21	4,026.90
25	**Finance costs**		
	Interest expense	**283.58**	251.68
	Other borrowing costs	**153.75**	122.81
		437.33	374.49
26	**Research and development expenses**		
	Material consumed	**11.85**	3.85
	Salaries, wages, bonus and other benefits	**88.16**	80.18
	Contribution to provident fund and other funds	**6.26**	5.75
	Contribution to ESI	**0.04**	-
	Contribution to scientific research	**3.15**	-
		109.46	89.78
27	**Other expenses**		
	Consumption of stores and spare parts	**68.64**	46.01
	Consumption of packing materials	**442.16**	428.12
	Power and fuel	**240.80**	172.34
	Rent	**17.43**	14.27
	Repairs to buildings	**34.17**	28.20
	Repairs to machinery	**524.41**	306.74
	Repairs to other assets	**204.21**	166.98
	Insurance	**79.43**	84.97
	Rates and taxes, excluding taxes on income	**88.41**	70.25
	Directors sitting fees	**8.60**	9.50
	Payments to auditors		
	as auditors	**6.50**	6.50
	for tax audit	**4.50**	3.50
	for income tax matters	**2.50**	1.00
	for quarterly reviews	**6.50**	5.25
	for certification	**1.95**	2.45
	for expenses	**1.44**	1.42
	Printing and stationery	**23.37**	20.38
	Communication expenses	**23.61**	23.90

Notes to Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Vehicle maintenance	**20.77**	22.26
	Travelling and conveyance	**278.25**	246.91
	Professional charges	**74.86**	79.83
	Technical know how fees	**5.68**	0.50
	Advertisement	**2.88**	6.25
	Sales commission	**212.28**	177.50
	Sales promotion expenses	**6.92**	3.72
	Other selling expenses	**40.41**	47.92
	Carriage and freight	**620.81**	571.64
	Freight recovered	**(418.00)**	(357.22)
	Book deficit on assets discarded	**3.30**	3.94
	General expenses	**203.31**	200.36
	Bank charges and commission	**12.36**	10.13
	Donations (Refer note no.29.2.6)	**8.12**	3.83
	Prior year expenditure	**-**	38.14
	Corporate social responsibility (CSR) expenditure (Refer note no. 29.2.25)	**26.89**	23.88
	Net loss on foreign currency transactions and translations	**-**	8.10
		2,877.47	2,479.47
28	**Exceptional items**		
	Profit on sale of wind mill	**58.15**	-
	Payments under voluntary retirement scheme	**-**	(369.56)
	Profit on sale of land	**-**	100.10
		58.15	(269.46)

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

1 Basis of preparation

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

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees rounded off to the nearest lakh.

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

2 Use of estimates

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

3 Tangible fixed assets

(i) Tangible fixed assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any except in case of land which is stated at revalued amount. Historical cost is inclusive of freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT wherever applicable. In respect of projects involving construction, related pre-operational expenses form part of the cost of the assets capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the period in which they are incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation as at the balance sheet date.

(ii) Revenue expenditure incurred during the construction period of the project is shown under "Unallocated Expenditure Pending Capitalisation" till the commencement of the commercial production or their intended use and the same is capitalised by allocating to relevant assets in the ratio of their direct costs.

4 Impairment of assets

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

5 Depreciation

(i) Depreciation is computed on a straight line basis so as to write off cost of assets over the useful lives of tangible fixed assets in the manner prescribed in Schedule II of the Act.

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

The useful life of the assets are periodically reviewed and re-determined based on a technical evaluation and expected use and the unamortised depreciable amount is charged over the remaining useful life of such assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life and residual value are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

(ii) Deprecation is provided at one hundred percent for assets costing Rs.5000/- or less.

(iii) Leasehold land is amortised over the lease period.

6 Intangible assets and amortisation

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

7 Inventories

(i) Raw materials and stores and spares are valued at lower of cost, calculated on weighted average basis, and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished product in which these will be incorporated are expected to be sold at or above cost.

(ii) Finished goods and work-in-progress are valued at lower of cost and net realisable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

(iii) Scarp is valued at net realisable value.

(iv) Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(v) Obsolete, defective and unserviceable inventories are duly provided for.

8 Borrowing costs

(i) Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

(ii) Borrowing costs directly attributable to acquisition or construction of Fixed Assets which necessarily take a substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalized. All other borrowing costs are expensed in the period they occur.

9 Investments

(i) Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

(ii) Current investments are carried at lower of cost and fair value determined on individual investment basis.

(iii) Long-term investments are carried at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments.

(iv) Investment property: Investment in land that is not intended to be used in the operations of the company, has been classified as investment property and is carried at cost.

(v) On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss.

10 Revenue recognition

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

(i) Sales

Revenue from sales is recognised when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract,

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

which coincides with the delivery of the goods. Gross revenue includes excise duty and adjustments for price variation and liquidated damages.

(ii) Service income

Service income is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Interest

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

(iv) Dividend

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

11 Excise duty

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

12 Employee benefits

Short term employee benefits

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

Long term employee benefits

(i) Defined contribution plans

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

(ii) State plans

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

(iii) Defined benefit plans

a) Gratuity

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

b) Leave encashment

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

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

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

13 Foreign exchange transactions

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

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

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

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

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

14 Research and development

Revenue expenditure on research and development is charged to the Statement of profit and loss. Capital expenditure on research and development is shown as an addition to fixed assets.

15 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.

16 Taxation

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

(ii) Current year tax

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

(iii) Deferred tax

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

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

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

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

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

(iv) Minimum Alternate Tax (MAT) Credit

MAT credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendation contained in Guidance Note issued by the Institute of Chartered Accountants of India,

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

17 Provisions, Contingent liabilities and Contingent assets

(i) Provisions, involving substantial degree of estimation in measurement, are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

(ii) Contingent liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the Notes to the financial statements.

(iii) Contingent assets are neither recognised nor disclosed in the financial statements.

18 Earnings per share

(i) The basic earnings per share (EPS) is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

19 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

20 Cash and cash equivalents

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

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

1 Corporate information

Premier Explosives Limited is engaged in the business of high energy materials (commercial explosives and defence explosives). Commercial explosives comprise of bulk explosives, packaged explosives, detonators, detonating fuse, etc., which are used in mining and infrastructure sectors. Defence explosives comprise of solid propellants, pyrogen igniters, pyro devices, etc. consumed in manufacture of missiles and other defence items. The company also operates and maintains solid propellant plants of defence and space establishments. Having obtained a few industrial licenses, the company is planning to enter into manufacture of ammunition to meet the requirements defence forces.

Premier is an ISO 9001 company and also received certificate of AS 9100c, which is valid for supply of high energy materials for aero space and defence applications. Laboratories of the Company have accreditation of National Accreditation Board for Testing & Calibration Laboratories (NABL) and recognition of Department of Scientific & Industrial Research (DSIR). The company is listed on Bombay Stock Exchange and National Stock Exchange.

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

3 Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Contingent liabilities		
On account of letters of credit and guarantees issued by the banks on behalf of the company	**3,342.74**	3,129.84
Sales tax demands disputed by the company pending in appeal	**575.83**	151.31
Income tax demand disputed by the company pending in appeal	**34.39**	-
Note: It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**794.06**	265.97

4 During the year, the Company has revalued its Freehold Land effective from 31.12.2016 based on the report of Independent Registered Valuers. The Company has adopted the realisable values reported by the valuer at Rs.6129.30 lakhs as against the original cost of Rs.425.15 lakhs. The resulting revaluation surplus of Rs.5704.15 lakhs has been credited to Revaluation Reserve, which is not available for distribution of dividend to shareholders.

5 Confirmation letters have been issued in respect of trade receivables and other receivables, loans and advances and trade payables and other payables of the company but not responded to in some cases. Hence, unconfirmed balances are subject to reconciliation and consequent adjustments, if any, would be determined / made on receipt of confirmation. However, in the opinion of the Board, all assets other than fixed assets and non-current investments have a realizable value in the ordinary course of business which is not different from the amount at which it is stated.

6 Donation to political parties

(Rs. in lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Communist Party of India (Marxist-Leninist)	**0.90**	-
Communist Party of India (Marxist)	**0.90**	-
Bharatiya Janata Party	**2.50**	-

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

7 Excise duty

Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Note no. 23 "Changes in inventories of finished goods, work-in-progress and scrap".

8 In view of inadequacy of profit, managerial remuneration paid to Chairman and Managing Director for the year ended 31st March, 2017 has exceeded the amount payable in terms of Sections 197 read with Schedule V of the Act by an amount of Rs. 36.07 lakhs. The company has already sought the approval from the Central Government in respect of the above said amount, which is yet to be received.

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

Particulars	**For the year ended 31st March, 2017**		For the year ended 31st March, 2016	
	Amount in foreign currency	**Equivalent amount (Rs. in lakhs)**	Amount in foreign currency	Equivalent amount (Rs. in lakhs)
US Dollars				
Payables for supplies, services etc.,	**4,306**	**2.79**	3,52,050	233.53
Advance from customers	**-**	**-**	3,10,657	206.07
Receivables for supplies and services	**7,05,828**	**457.65**	2,91,205	193.16
Advances for purchase of spares and equipment	**8,117**	**5.26**	16,418	10.89
Working capital borrowing	**23,06,075**	**1,495.23**	8,97,163	595.11
Balance with banks	**1,36,255**	**88.35**	5,06,457	335.95
Advances for supplies	**4,700**	**3.05**	-	-
AED				
Advances for supplies	**2,92,030**	**49.97**	-	-
Euros				
Receivables for supplies and services	**1,51,662**	**105.02**	2,15,350	161.72
Advances for purchase of spares and equipment	**3,09,440**	**214.28**	96,055	72.13
Working capital borrowing	**3,05,983**	**211.88**	-	-

10 Disclosures relating to dues of micro enterprises and small enterprises

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

(Rs. in lakhs)

Particulars	**For the year ended 31st March 2017**	For the year ended 31st March 2016
Principal amount remaining unpaid as on 31st March	**17.31**	17.31
Interest due thereon as on 31st March	**-**	-
Interest paid by the company in terms of Section 16 of the said Act, along with the amount of payment made to the supplier beyond the appointed day during the year	**-**	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	**-**	-
Interest accrued and remaining unpaid as at 31st March	**-**	-

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

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

11 Information on employee benefits (Accounting Standard 15)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a) Defined contribution plans		
Contribution to provident fund	**242.76**	211.82
b) State Plans		
Contribution to E.S.I.	**17.98**	8.14
c) Defined benefit plans		
c.1) Gratuity (funded)		
Assumptions		
Salary rise	**4%**	4%
Discount rate	**8.25%**	8%
Attrition rate	**2%**	4%
Expected rate of return	**8.25%**	8.35%
Expenses recognised in Statement of profit and loss		
Current service cost	**50.71**	29.47
Interest cost on benefit obligation	**47.83**	48.14
Expected return on plan assets	**(36.86)**	(33.67)
Net actuarial (gain) / loss recognised in the year	**102.56**	76.00
Net benefit expense	**164.24**	119.94
Actuarial return on plan assets	**(36.86)**	(33.67)
Net asset/liability recognised in balance sheet		
Defined benefit obligation	**783.40**	618.86
Fair value of plan assets	**(614.04)**	(467.67)
Status (surplus)/deficit	**169.36**	151.19
Unrecognised past service cost	**-**	-
Net asset/liability recognised in balance sheet	**169.36**	151.19
Changes in present value of defined benefit obligation		
Opening balance	**618.86**	601.75
Interest cost	**47.83**	48.14
Current services cost	**50.71**	29.47
Benefits paid	**(42.09)**	(136.50)
Actuarial (gain) / loss	**108.09**	76.00
Closing balance	**783.40**	618.86
Changes in fair value of plan assets		
Opening balance	**467.67**	510.50
Expected return	**42.38**	33.67
Contributions	**146.07**	60.00
Benefits paid	**(42.09)**	(136.50)
Closing balance	**614.03**	467.67
Movement of liability in balance sheet		
Opening balance	**151.19**	91.25
Expenses as above	**164.24**	119.94
Contribution paid	**(146.07)**	(60.00)
Closing balance	**169.36**	151.19

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

c.1a) Amounts recognised in current and previous four years

(Rs. in lakhs)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Defined benefit obligation	**783.40**	618.86	601.75	524.68	397.49
Plan assets	**(614.04)**	(467.67)	(510.50)	(469.29)	(303.49)
(Surplus)/deficit	**169.36**	151.19	91.25	55.39	94.00
Experience adjustments in plan liabilities	**-**	-	-	-	-
Experience adjustments in plan assets	**-**	-	-	-	-

c.2) Leave encashment (unfunded)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Assumptions		
Salary rise	**4%**	4%
Discount rate	**8.25%**	8%
Attrition rate	**2%**	4%
Changes in present value of defined benefit obligation		
Opening balance	**115.73**	117.89
Interest cost	**7.66**	9.43
Current services cost	**32.69**	0.65
Benefits paid	**(39.88)**	(33.08)
Actuarial (gain) / loss	**98.56**	20.84
Closing balance	**214.76**	115.73
Expenses recognised in Statement of profit and loss		
Current service cost	**32.69**	0.65
Interest cost on benefit obligation	**7.66**	9.43
Net actuarial (gain) / loss recognised in the year	**98.56**	20.84
Net benefit expense	**138.91**	30.92

Note:

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

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

12 Segment reporting

Segments are identified in line with AS 17 "Segment Reporting", taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Identification of reportable segments:

A. Business Segment:

The Company is engaged in manufacture of explosives, which is considered as primary reportable segment.

A. Geographical Segment:

Revenue is segregated into two segments namely India (Sales and services to customers within India) and other countries (Sales and services to customers outside India) on the basis of geographical location of customers for the purpose of reporting geographical segments.

Financial Information as required in respect of reportable segments is as given below:

(Rs. in lakhs)

Particulars	**2016-17**		2015-16	
	Within India	**Outside India**	Within India	Outside India
Sales and services by location of customers	**23,137.15**	**2,075.54**	18,457.87	1,759.07
Carrying amount of assets by location	**22,052.15**	**-**	12,969.31	-
Cost incurred on acquisition of tangible and intangible fixed assets	**957.50**	**-**	198.18	-

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

13 Details of related parties (Accounting Standard 18)

Nature of relationship		Related party	Transactions during the year (Yes/No)
1	Key management personnel	Dr. A.N.Gupta	Yes
		Mr. T.V.Chowdary	Yes
		Dr. N.V.Srinivasa Rao (up to september,2016)	Yes
		Colonel Vikram Mahajan (Retd)	Yes
2	Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta	Yes
		Mrs. T.Malati	No
		Mrs. Shonika Prasad	No
		Ms. T.Shruti	No
		Mrs. N.Surya Kumari	No
3	Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing	No
		A. N. Gupta (HUF)	No
		Godavari Farms & Plantations	No
4	Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)	Godavari Explosives Limited	No
		Ask Consultants Private Limited	No
		Aims	No
5	Subsidiary Company (Earlier an associate, became a subsidiary during the year)	Premier Wire Products Limited	Yes
		PELNEXT Defence Systems Private Limited	Yes
6	Joint venture (Jointly controlled entity)	BF Premier Energy Systems Private Limited	Yes

13.1 Details of transactions with the related parties

(Rs. in lakhs)

S.No.	Related party / Nature of transaction	2016-17		2015-16	
		Amount of Transaction	**Amount Outstanding**	Amount of Transaction	Amount Outstanding
1	**Key management personnel**		**484.99 Credit**		385.61 Credit
	Managerial remuneration	**361.87**		323.59	
	Acceptance of unsecured loans	**60.50**		145.50	
	Interest paid	**47.47**		28.43	
	Repayment of unsecured loans	**4.42**		1.00	
	Dividend paid	**-**		101.49	
2	**Relatives of key management personnel**		**204.40 Credit**		219.66 Credit
	Sitting fees	**2.10**		2.30	
	Acceptance of unsecured loans	**10.80**		108.50	
	Repayment of unsecured loans	**43.00**		3.25	
	Interest paid	**26.71**		19.07	
	Dividend paid	**-**		43.51	

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

(Rs. in lakhs)

S.No.	Related party / Nature of transaction	2016-17		2015-16	
		Amount of Transaction	**Amount Outstanding**	Amount of Transaction	Amount Outstanding
3	**Concerns in which key management personnel have substantial interest (Significant interest entities)**		**-**		-
	Dividend paid	**-**		26.27	
4	**Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)**		**-**		-
	Dividend paid	**-**		0.25	
5	**Concerns in which the company has substantial interest (Subsidiary company)**		**179.72 Credit**		112.80 Credit
	Purchase of raw materials	**213.63**		149.16	
	Job work charges paid	**1.45**		2.82	
	Investment in equity shares	**476.00**		-	
	Redemption of preference shares	**475.00**		-	
	Reimbursement of payment of expenses	**0.05**		-	
6	**Joint venture (Jointly controlled entity)**		**0.19 Debit**		0.19 Debit
	Investment	**-**		5.00	
	Reimbursement of payment of expenses	**-**		0.19	

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

(Rs. in lakhs)

S.No.	Nature of transaction / Related party	2016-17	2015-16
1	**Acceptance of unsecured loans**		
	Dr. A.N.Gupta	**60.50**	145.50
	Dr. Kailash Gupta	**10.80**	108.50
2	**Interest paid**		
	Dr. Kailash Gupta	**26.71**	19.07
	Dr. A.N.Gupta	**47.47**	28.43
3	**Job work charges paid**		
	Premier Wire Products Limited	**1.45**	2.82
4	**Managerial remuneration paid***		
	Dr. A.N.Gupta	**212.09**	180.74
	Mr. T.V Chowdary	**73.32**	57.84
	Dr. N.V.Srinivasa Rao	**33.20**	49.96
	Colonel Vikram Mahajan (Retd)	**43.26**	35.05

*Note: As gratuity and leave encashment are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

(Rs. in lakhs)

S.No.	Nature of transaction / Related party	2016-17	2015-16
5	**Repayment of unsecured loans**		
	Dr. A.N.Gupta	**-**	1.00
	Dr. Kailash Gupta	**43.00**	3.25
6	**Sitting fees**		
	Dr. Kailash Gupta	**2.10**	2.30
7	**Purchase of materials**		
	Premier Wire Products Limited	**213.63**	149.16
8	**Dividend paid**		
	Dr. A.N.Gupta	**-**	99.16
	A.N.Gupta (HUF)	**-**	26.27
	Dr. Kailash Gupta	**-**	42.69
9	**Investment in equity shares**		
	BF Premier Energy Systems Private Limited	**-**	5.00
	Premier Wire Products Limited	**475.00**	-
10	**Reimbursement of payment of expenses**		
	BF Premier Energy Systems Private Limited	**-**	0.19
	PELNEXT Defence Systems Private Limited	**0.05**	-
11	**Redemption of Investment in Preference shares**		
	Premier Wire Products Limited	**475.00**	-

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

		Year ended 31st March, 2017	Year ended 31st March, 2016
Profit attributable to the equity shareholders (Total operations) (Rs. in lakhs)	(A)	**1,475.09**	567.51
Profit attributable to the equity shareholders (Continuing operations) (Rs. in lakhs)	(B)	**1,455.33**	561.79
Basic / Diluted weighted average number of equity shares outstanding during the year	(C)	**88,58,575**	88,58,575
Face value of each equity share (Rs.)		**10.00**	10.00
Basic/Diluted Earnings per share (Total operations) (Rs.)	(A) / (C)	**16.65**	6.41
Basic/Diluted Earnings per share (Continuing operations) (Rs.)	(B) / (C)	**16.43**	6.34

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

15 Deferred tax liabilities(net)

(Rs. in lakhs)

Particulars	Opening as at 1st April, 2016	Charge/(Credit) during the year	**Closing as at 31st March, 2017**
a) Deferred tax liabilities			
Depreciation	636.51	(59.99)	**576.52**
Total (a)	636.51	(59.99)	**576.52**
b) Deferred tax assets			
Expenses debited to the Statement of profit and loss in current year but allowable as deductable 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	123.13	37.64	**160.77**
V.R.S	104.88	(28.14)	**76.74**
Total (b)	228.01	9.50	**237.51**
Net (a - b)	408.50	(69.49)	**339.01**

16 Joint ventures

The Company has the following investment in a jointly controlled entity:

Name of joint venture	Country of incorporation	Proportion of ownership interest As at 31st March, 2017
BF Premier Energy Systems Private Limited	India	50

The Company's share of each of the assets, liabilities, income and expenses in the joint venture, based on the audited financial statements are as follows:

(Rs. in lakhs)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Assets:		
Tangible assets	**0.09**	0.15
Cash and bank balances	**0.16**	0.12
Short term loans and advances	**-**	1.00
	0.25	1.27
(b) Liabilities:		
Long term provisions	**-**	0.18
Trade payables	**4.35**	1.01
Other current liabilities	**0.15**	0.10
Short term provisions	**-**	0.19
	4.50	1.48

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

(Rs. in lakhs)

Particulars		For the year ended 31st March,2017	For the period ended 31st March,2016
(c)	**Income:**		
	Other income	**0.37**	-
(d)	**Expenses:**		
	Employee benefit expenses	**2.71**	4.64
	Depreciation and amortization expenses	**0.06**	0.02
	Other expenses	**1.64**	0.55
		4.41	5.21

17 Details of raw materials consumed

(Rs. in lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Ammonium nitrate	**6,973.76**	5,792.71
GI wire	**211.37**	147.96
Aluminium strip	**194.77**	167.10
Others	**5,247.06**	3,581.03
Total	**12,626.96**	9,688.80

18 Purchase of traded goods

(Rs. in lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Detonating fuse	**-**	21.95
Stores, etc.	**108.84**	12.54
Total	**108.84**	34.49

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

19 Details of sales, closing stock and opening stock

Manufactured goods (Rs. in lakhs)

Particulars	**Sales**	Sales	**Closing inventory**	Closing inventory	Opening inventory	Opening inventory
	2016-17	2015-16	**31.03.2017**	31.03.2016	01.04.2016	01.04.2015
Industrial explosives	**12,183.26**	10,271.37	**10.98**	41.78	41.78	26.32
Detonators	**3,192.66**	2,537.75	**172.99**	85.34	85.34	207.79
Wind power	**41.86**	27.79	**-**	-	-	-
Others	**7,351.24**	5,533.16	**76.39**	48.71	48.71	346.55
Total	**22,769.02**	18,370.07	**260.36**	175.83	175.83	580.66

Traded goods (Rs. in lakhs)

Particulars	**Sales**	Sales	**Closing inventory**	Closing inventory	Opening inventory	Opening inventory
	2016-17	2015-16	**31.03.2017**	31.03.2016	01.04.2016	01.04.2015
Safety detonating fuse	**-**	24.82	**-**	-	-	-
Stores, etc.	**109.88**	13.19	**.**	-	-	-
Total	**109.88**	38.01	**-**	-	-	-

Services (Rs. in lakhs)

Particulars	**Sales 2016-17**	Sales 2015-16
Operations and maintenance services	**2,041.60**	1,600.59
Job work and other services	**292.19**	141.71
Royalty and technology transfer fees	**-**	66.56
Total	**2,333.79**	1,808.86

20 Details of work in progress

(Rs. in lakhs)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Industrial explosives	**50.97**	16.84
Detonators	**59.93**	59.20
Others	**716.34**	275.64
Total	**827.24**	351.68

21 Value of imports calculated on C.I.F. basis

(Rs. in lakhs)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Raw materials	**1,489.76**	826.37
Components and spares	**84.59**	18.57
Traded goods	**65.71**	8.39
Total	**1,640.06**	853.33

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

22 Expenditure in foreign currency (on accrual basis)

(Rs. in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Commission	**81.61**	13.27
Legal and professional charges	**0.56**	0.32
Travelling expenses	**4.57**	5.73
Interest expense	**37.12**	1.43
Other expenses	**108.25**	3.50
Total	**232.11**	24.25

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

(Rs. in lakhs)

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Amount	%	Amount	%
Raw materials				
Imported	**2,375.04**	**18.81**	797.57	8.23
Indigenous	**10,251.92**	**81.19**	8,891.23	91.77
	12,626.96	**100.00**	9,688.80	100.00
Components and spares				
Imported	**67.97**	**33.11**	17.85	17.12
Indigenous	**137.30**	**66.89**	86.40	82.88
	205.27	**100.00**	104.25	100.00

24 Earnings in foreign exchange (on accrual basis)

(Rs. in lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
FOB value of exports	**2,045.80**	1,455.16
Job work and other services	**-**	133.15
Royalty and technology transfer fees	**-**	66.56
Other income	**9.14**	1.20
Total	**2,054.94**	1,656.07

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

25 CSR expenditure

a) Gross amount required to be spent by the Company during the year amounting to Rs.26.81 lakhs

b) Amount spent during the year on:

(Rs. in lakhs)

Particulars		Paid in cash	Yet to be paid in cash	Total
(i)	**Construction / acquisition of any asset**	-	-	**-**
(ii)	**On purposes other than (i) above**			
	Promoting health care	20.00	-	**20.00**
	Promoting education	4.89	-	**4.89**
	Rural Development	-	-	**-**
	Benefit of armed forces veterans	2.00	-	**2.00**
Total		26.89	-	**26.89**

26 Discontinuing operations:

During the year, pursuant to the approval of the Board of Directors, the Company has transferred the Wind Mill Division at Dindigul District to OPEL Investments Private Limited as on going concern on slump sale basis with effect from the close of business on 22nd March, 2017 for a consideration of Rs.298.83 lakhs. The results of the discontinued business during the year until discontinuation is as under:

(Rs. in lakhs)

Particulars	**For the period 01.04.2016 to 22.03.2017**	For the year 01.04.2015 31.03.2016
Total revenue	**41.86**	27.79
Total expenses	**22.10**	22.07
Profit before tax	**19.76**	5.72
Tax expense	**-**	-
Profit after tax of discontinuing operation	**19.76**	5.72
Carrying amount of assets as at the balance sheet date relating to the discontinued business to be disposed off	**243.02**	237.13
Carrying amount of liabilities as at the balance sheet date relating to the discontinued business to be settled	**2.34**	0.01
Net cash flow attributable to the discontinued business:		
Cash flows from operating activities	**16.20**	15.61
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**(16.20)**	(15.61)

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

27 Proposed dividend

The final dividend proposed for the year is as follows:

(Rs. in lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
On 1,05,09,575 Equity Shares of Rs.10 each as on 27.05.2017		
Dividend per Equity Share (Rs.)	**3.00**	-
Amount of dividend proposed	**315.29**	-

28 The details of specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in table below:

(Rs. in lakhs)

Particulars	Specified bank notes	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	10.77	4.49	15.26
Add: Permitted receipts	-	21.95	21.95
Add: Non Permitted receipts	0.09	-	0.09
Less: Permitted payments	-	23.46	23.46
Less: Amount deposited in banks	10.86	-	10.86
Closing cash in hand as on 30th December, 2016	-	2.98	2.98

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members of PREMIER EXPLOSIVES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PREMIER EXPLOSIVES LIMITED ("hereinafter referred to as the Holding Company") and its subsidiaries and jointly controlled entity(the Holding Company and its subsidiaries and jointly controlled entity together referred to as "the Group"); (Refer Note No.27.1.2) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31stMarch, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31stMarch, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 27.2.5 to the consolidated financial statements. As referred to in this note, the managerial remuneration paid to the Chairman and Managing Director for the year ended 31st March, 2017 is in excess of the limits laid down under Section 197 read with Schedule V of the Act by Rs.36.07 lakhs. In this regard we have been informed by the Management of the Company that they have already sought the approval from the Central Government in respect of the above

said amount, which is yet to be received.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of a jointly controlled entity, whose financial statements reflect total assets of Rs.0.49 lakhs and net assets of Rs.8.49 lakhs negative as at March 31, 2017, total revenue of Rs. 0.73, net loss of Rs.8.08 lakhs and net cash inflows amounting to Rs.0.07 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of a a jointly controlled entity, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required bySection143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and a jointly controlled company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31stMarch, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries and a jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31stMarch, 2017 the consolidated financial position of the Group– Refer Note No.27.2.2 to the consolidated financial statements.

      ii. The Group did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at 31stMarch, 2017.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended 31st March, 2017.

      iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, as stated in notes to the financial statements (Refer Note No.27.2.15) amounts aggregating to Rs.0.09 lakhs as represented to us by the Management have been received from transactions which are not permitted.

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

P.V.R.K. NAGESWARA RAO
Partner
Membership Number: 18840

HYDERABAD
27.05.2017

Annexure A to Independent Auditor's Report

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of PREMIER EXPLOSIVES LIMITED ("the Holding Company") and its subsidiaries and jointly controlled entity (the Holding Company and its subsidiaries and jointly controlled entity together referred to as "the Group") which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiaries and jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiaries and jointly controlled entity, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31stMarch, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI as it appears from our examination of the books and records of the Holding Company and the reports of the other auditors in respect of entities audited by them.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company and a jointly controlled entity, which are companies incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

P.V.R.K. NAGESWARA RAO
Partner
Membership Number: 18840

HYDERABAD
27.05.2017

Consolidated Balance Sheet as at 31st March, 2017

(Rs. in lakhs)

Particulars	Note no.	As at 31st March, 2017	As at 31st March, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	1	**885.86**	885.86
Reserves and surplus	2	**12,995.41**	5,656.83
		13,881.27	6,542.69
Minority interest		**171.91**	-
Non-current liabilities			
Long-term borrowings	3	**656.37**	31.85
Deferred tax liabilities (net)	4	**361.67**	408.50
Other long-term liabilities	5	**48.85**	73.35
Long-term provisions	6	**321.84**	233.84
		1,388.73	747.54
Current liabilities			
Short-term borrowings	7	**3,164.86**	2,177.36
Trade payables:			
Total outstanding dues of micro enterprises and small enterprises		**17.31**	17.31
Total outstanding dues of creditors other than micro enterprises and small enterprises		**921.02**	1,170.63
Other current liabilities	8	**2,198.69**	2,055.11
Short-term provisions	9	**552.89**	257.71
		6,854.77	5,678.12
Total		**22,296.68**	12,968.35
Assets			
Non-current assets			
Fixed assets	10		
Tangible assets		**10,551.83**	3,942.26
Intangible assets		**4.44**	2.94
		10,556.27	3,945.20
Capital work in progress		**368.96**	241.82
		10,925.23	4,187.02
Non-current investments	11	**8.02**	522.77
Long-term loans and advances	12	**500.89**	352.06
Other non-current assets	13	**178.13**	175.33
		11,612.27	5,237.18
Current assets			
Inventories	14	**3,500.85**	2,232.61
Trade receivables	15	**5,750.00**	4,237.24
Cash and bank balances	16	**511.70**	664.89
Short-term loans and advances	17	**603.12**	534.40
Other current assets	18	**318.74**	62.03
		10,684.41	7,731.17
Total		**22,296.68**	12,968.35
Summary of significant accounting policies and other explanatory information	27		

As per our report of even date

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

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(Rs. in lakhs)

Particulars	Note no.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue			
Revenue from operations			
Sale of products		**23,614.17**	18,370.07
Sale of traded goods		**109.88**	38.01
Sale of services	19	**2,333.79**	1,808.86
Other operating revenues	20	**160.00**	68.20
		26,217.84	20,285.14
Less: Excise duty		**2,397.54**	1,786.49
		23,820.30	18,498.65
Other income	21	**72.67**	46.45
Total revenue		**23,892.97**	18,545.10
Expenses			
Cost of raw materials consumed		**12,979.92**	9,688.80
Purchase of stock in trade		**108.84**	34.49
Changes in inventories of finished goods, work-in-progress and scrap		**(561.26)**	418.48
Employee benefits expense	22	**5,157.71**	4,031.54
Finance costs	23	**443.31**	374.49
Research and development expenses	24	**109.46**	89.78
Depreciation (net) and amortisation expense	10	**368.95**	332.41
Other expenses	25	**3,125.81**	2,480.02
Total expenses		**21,732.74**	17,450.01
Profit before exceptional items and tax		**2,160.23**	1,095.09
Add/(less): Exceptional items (net)	26	**58.15**	(269.46)
Profit before tax		**2,218.38**	825.63
of which discontinuing operations		**19.76**	5.72
Tax expense			
Current tax		**779.27**	445.00
Deferred tax		**(66.51)**	(178.77)
MAT credit entitlement		**(3.88)**	-
Income tax adjustments		**0.12**	(2.90)
		709.00	263.33
of which discontinuing operations		**-**	-
Profit after tax and before adjustment of minority interest and share of associate		**1,509.38**	562.30
Add/(Less) : Share in profit transferred to minority interest		**(7.96)**	-
Share in Profit/(Loss) of associate		**(4.47)**	2.78
Profit after tax and adjustment of minority interest and share of associate		**1,496.95**	565.08
of which discontinuing operations		**19.76**	5.72
Earnings per equity share			
(Face value: Rs.10/- per share)			
Basic/Diluted - Rs.			
(i) Total operations		**16.90**	6.38
(ii) Continuing operations		**16.68**	6.31
Summary of significant accounting policies and other explanatory information	27		

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Consolidated Cash flow statement for the year ended 31st March, 2017

(Rs. in lakhs)

	Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
A	**Net cash flow from operating activities**			
	Net profit before exceptional items and tax		**2,160.23**	1,095.09
	Adjustments for			
	Depreciation		**368.95**	332.41
	Interest expense		**286.28**	251.68
	Interest income		**(33.73)**	(30.39)
	Provision for liabilities no longer required, written back		**(5.67)**	(3.82)
	Book deficit on assets discarded		**3.39**	3.94
	Profit on sale of wind mill		**(58.15)**	-
	(Profit) on sale of assets		**(0.43)**	(100.10)
	Bad debts written off		**0.42**	-
	Unrealised foreign exchange gain(net)		**(39.57)**	(7.23)
	Operating profit before working capital changes		**2,681.72**	1,541.58
	Adjustments for			
	(Increase)/Decrease in inventories		**(1,150.55)**	181.72
	(Increase) in trade receivables		**(1,554.39)**	(901.74)
	(Increase)/Decrease in long-term loans and advances		**53.14**	(42.05)
	(Increase)/Decrease in other non-current assets		**3.47**	(47.40)
	(Increase) in short-term loans and advances		**(60.17)**	(236.76)
	(Increase) in other current assets		**(244.71)**	(40.04)
	Increase/(Decrease) in trade payables		**(80.40)**	378.99
	Increase in other current liabilities		**2.51**	743.09
	Increase in short-term provisions		**38.48**	1.87
	Increase in long-term provisions		**74.15**	56.29
	(Decrease) in other long-term liabilities		**(25.00)**	(2.62)
	Cash generated from operations		**(261.75)**	1,632.93
	Income tax paid		**(539.30)**	(342.03)
	Net cash generated from operations before exceptional items		**(801.05)**	1,290.90
	Exceptional items (net)		**58.15**	(269.46)
	Total	**A**	**(742.90)**	1,021.44

Consolidated Cash flow statement for the year ended 31st March, 2017 (Continued)

(Rs. in lakhs)

	Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
B	**Cash flow from investing activities**			
	Capital expenditure		**(1,136.78)**	(514.76)
	Proceeds from disposal of fixed assets		**271.50**	115.27
	Investments in bank deposits (original maturity of more than three months) (net)		**(88.23)**	(36.05)
	Interest received		**24.58**	26.22
	Total	**B**	**(928.93)**	(409.32)
C	**Cash flow from financing activities**			
	Proceeds/(repayment) of long-term borrowings (net)		**624.52**	(30.65)
	Increase in short-term borrowings		**1,033.10**	395.54
	Interest paid		**(231.06)**	(217.56)
	Dividend and dividend tax paid		**(8.67)**	(417.81)
	Total	**C**	**1,417.89**	(270.48)
D	**Exchange difference on translation of foreign currency cash and cash equivalents**	**D**	**(1.22)**	(1.92)
E	**Cash and cash equivalents at the end of the year**			
	Net increase in cash and cash equivalents	**A+B+C+D**	**(255.16)**	339.72
	Cash and cash equivalents at the beginning of the year		**367.22**	27.50
	Total	**E**	**112.06**	367.22

Notes

1 Cash flow statement has been prepared under 'Indirect method' in accordance with 'Accounting Standard - 3 Cash flow statement',

2 Summary of significant accounting policies and other explanatory information on accounts (Note No.27) form an integral part of cash flow statement.

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

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
1	**Share capital**		
	Authorised		
	1,00,00,000 (Previous year: 1,00,00,000) Equity shares of Rs.10/- each	**1,000.00**	1,000.00
	Issued		
	88,58,575 (Previous year: 88,58,575) Equity shares of Rs.10/- each	**885.86**	885.86
	Subscribed and paid up		
	88,58,575 (Previous year: 88,58,575) Equity shares of Rs.10/- each, fully paid	**885.86**	885.86

Reconciliation of the number of equity shares outstanding and amount of share capital is set out below:

Particulars	No. of shares	Amount	No. of shares	Amount
Equity Shares outstanding at the beginning of the year	**88,58,575**	**885.86**	88,58,575	885.86
Add: Equity Shares issued during the year	**-**	**-**	-	-
Equity Shares outstanding at the end of the year	**88,58,575**	**885.86**	88,58,575	885.86

Details of shareholders holding more than 5% equity shares as on 31.03.2017 is set out below:

Name of the shareholder	No. of shares held	% of share holding	No. of shares held	% of share holding
Promoters' group				
Dr. A.N.Gupta	**24,88,579**	**28.09%**	24,79,039	27.99%
Dr. (Mrs.) Kailash Gupta	**10,77,798**	**12.17%**	10,67,277	12.05%
A. N. Gupta (HUF)	**6,56,697**	**7.41%**	6,56,697	7.41%

Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
2	**Reserves and surplus**		
	Capital reserve		
	Capital reserve on consolidation	**8.95**	-
	Subsidy received	**34.43**	30.57
	Equity accounting of associate	**-**	3.86
	Shares forfeited	**0.13**	0.13
		43.51	34.56
	Securities premium account	**551.78**	551.78
	General reserve		
	As per last account	**1,500.39**	1,350.00
	Add: Amount transferred from statement of profit and loss	**200.00**	150.00
	Equity accounting of associate	**-**	0.39
		1,700.39	1,500.39
	Revaluation reserve (Refer note no.27.2.3)	**5,844.90**	-
	Balance in statement of profit and loss (Surplus)		
	As per last account	**3,570.10**	3,372.52
	Less: Adjustment on acquisition of Premier Wire Products Limited as on 30th June, 2016	**11.94**	-
	Equity accounting of associate	**-**	(4.16)
	Add: Profit for the year as per statement of profit and loss	**1,496.95**	565.08
		5,055.11	3,933.44
	Less: Unrealised profit in respect of transaction with associate	**0.28**	0.10
	Total available for allocations and appropriations	**5,054.83**	3,933.34
	Less: Allocations and appropriations		
	Interim dividend	**-**	177.17
	Dividend tax	**-**	36.07
	Transferred to General reserve	**200.00**	150.00
	Profit carried forward to next year	**4,854.83**	3,570.10
		12,995.41	5,656.83

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
3	**Long term borrowings**		
	Secured		
	Term loan from HDFC Bank Limited	**650.00**	-
	Less: Current maturities of long-term debt	**-**	-
		650.00	-
	Unsecured		
	Term loan from Yes Bank Limited	**-**	62.50
	Less: Current maturities of long-term debt	**-**	62.50
		-	-
	Term loan from HDFC Bank Limited	**31.85**	50.96
	Less: Current maturities of long-term debt	**25.48**	19.11
		6.37	31.85
	There is no default as on the balance sheet date in repayment of loans and interest amounts		
		656.37	31.85
4	**Deferred tax liabilities (net)**		
	Balance at the beginning of the year	**408.50**	587.27
	Add: Adjustment on acquisition of Premier Wire Products Limited as on 30th June, 2016	**19.68**	-
	Adjustment for the current year (Refer note no.27.2.11)	**(66.51)**	(178.77)
		361.67	408.50
5	**Other long term liabilities**		
	Deposits from dealers and others	**48.35**	73.35
	Earnest money deposit	**0.50**	-
		48.85	73.35
6	**Long term provisions**		
	Provision for employee benefits	**321.84**	233.84
		321.84	233.84

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
7	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Working capital loans from banks	**2,631.61**	1,518.03
	Unsecured		
	Loan repayable on demand		
	Working capital loan from a bank	**-**	149.96
	Loans from related parties	**533.25**	509.37
	(Refer note no.27.2.9)		
	Above loans carry interest @ 12.5% p.a.		
	There is no default as on the balance sheet date in repayment of loans and interest amounts		
		3,164.86	2,177.36
8	**Other current liabilities**		
	Current maturities of long-term debt		
	Loan from banks	**25.48**	81.61
	Interest accrued but not due on borrowings	**86.69**	53.97
	Advances from customers	**273.24**	590.44
	Unclaimed dividend	**21.20**	20.38
	(There is no amount due and outstanding to be credited to investor education and protection fund)		
	Other payables		
	Statutory liabilities	**314.86**	250.07
	Creditors for capital works	**115.55**	39.79
	Employee benefits payable	**778.94**	435.17
	Creditors for expenses	**582.73**	583.68
		2,198.69	2,055.11
9	**Short term provisions**		
	Employees benefits	**71.87**	33.46
	Interim dividend payable	**-**	8.67
	Income tax (net of prepaid taxes)	**441.87**	198.93
	Interest on income tax	**39.15**	16.65
		552.89	257.71

Notes to Consolidated Balance sheet

10. Fixed assets

(Rs. in lakhs)

Description of assets	Gross block						Depreciation / Amortisation					Net block	
	Cost as at 01.04.2016	Adjust-ment**	Additions during the year	Additions due to revaluation at fair market value	Deductions/ Adjustments during the year	**Total cost as at 31.03.2017**	Up to 31.03.2016	Adjust-ment**	For the year	On deduc-tions	**Total up to 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
A. Tangible assets													
Own assets													
Freehold land*	432.41	10.00	11.66	5,880.09	11.02	**6,323.14**	-	-	-	-	**-**	**6,323.14**	432.41
Roads and buildings	1,527.17	179.73	230.43	-	-	**1,937.33**	424.23	44.41	65.20	-	**533.84**	**1,403.49**	1,102.94
Plant and equipment	3,889.93	377.11	603.46	-	460.83	**4,409.67**	1,710.10	136.34	259.66	244.06	**1,862.04**	**2,547.63**	2,179.83
Research and development equipment	136.61	-	3.48	-	-	**140.09**	58.42	-	9.64	-	**68.06**	**72.03**	78.19
Data processing equipment	63.50	0.53	5.54	-	9.06	**60.51**	53.42	0.28	4.08	8.64	**49.14**	**11.37**	10.08
Office equipment	63.90	0.21	12.27	-	0.42	**75.96**	46.25	0.21	5.77	0.40	**51.83**	**24.13**	17.65
Furniture and fittings	73.40	0.16	17.95	-	0.19	**91.32**	37.34	0.13	8.71	0.19	**45.99**	**45.33**	36.06
Vehicles	123.76	0.38	68.51	-	33.47	**159.18**	57.36	0.17	14.29	16.85	**54.97**	**104.21**	66.40
Leased assets						**-**							
Leasehold land	19.19	-	2.00	-	-	**21.19**	0.49	-	0.20	-	**0.69**	**20.50**	18.70
Total tangible assets	6,329.87	568.12	955.30	5,880.09	514.99	**13,218.39**	2,387.61	181.54	367.55	270.14	**2,666.56**	**10,551.83**	3,942.26
B. Intangible assets													
Own assets													
ERP licence fee	8.32	-	-	-	-	**8.32**	8.32		-	-	**8.32**	**-**	-
Software	20.81	-	2.90	-	-	**23.71**	17.87		1.40	-	**19.27**	**4.44**	2.94
Total intangible assets	29.13	-	2.90	-	-	**32.03**	26.19		1.40	-	**27.59**	**4.44**	2.94
Total	6,359.00	568.12	958.20	5,880.09	514.99	**13,250.42**	2,413.80	181.54	368.95	270.14	**2,694.15**	**10,556.27**	3,945.20
Previous year total	6,188.84	-	198.35	-	28.19	**6,359.00**	2,090.47	-	332.41	9.08	**2,413.80**	**3,945.20**	4,098.37
C. Capital Work-in-progress	241.82	-	790.82	-	663.68	**368.96**	-	-	-	-	**-**	**368.96**	241.82

*Note: Freehold Land was revalued by registered valuers as at 31st December, 2016 (Refer Note No.27.2.3)

**Adjustment on acquisition of Premier Wire Products Limited as on 30th June, 2016

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
11	**Non-current investments**		
	(Long term investments, non-trade, unquoted, fully paid up)		
	Investments in equity shares		
	(At cost less provision for other than temporary diminution in value, if any)		
	Investment in associate company		
	Nil (Previous year: 4,50,000) Equity shares of Rs.10/- each in Premier Wire Products Limited (Earlier an associate, became subsidiary during the year)	-	45.00
	Add: Share of post acquisition profits	-	2.77
		-	47.77
	Investments in preference shares		
	Investment in associate company		
	47,50,000 11% redeemable, non-convertible & cumulative Preference shares of Rs.10/- each in Premier Wire Products Limited	-	475.00
	Investments property (At cost)		
	Land	**8.02**	-
		8.02	522.77
	Aggregate amount of unquoted investments	-	522.77
	Aggregate provision for diminution in value of investments	-	-
12	**Long term loans and advances**		
	(Unsecured, considered good)		
	Capital advances	**321.96**	166.81
	Security deposits	**133.11**	165.86
	Loans and advances to staff	**0.24**	2.50
	Prepaid taxes	**15.93**	16.89
	MAT credit entitlement	**29.65**	-
		500.89	352.06
13	**Other non-current assets**		
	(Unsecured, considered good)		
	Long term trade receivables	**32.99**	37.23
	Long term prepaid expenses	**82.99**	80.87
	Bank deposits with original maturity of more than 12 months	**50.00**	50.00
	Interest accrued on deposits with banks	**12.15**	7.23
		178.13	175.33

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
14	**Inventories**		
	(Valued at lower of cost and net realisable value, except the scrap which is valued at net realisable value)		
	Raw materials	**1,619.54**	1,170.93
	(including stock in transit of Rs.43.38 lakhs(Previous year Rs.17.94 Lakhs)		
	Work-in-progress	**879.89**	351.68
	Finished goods	**274.24**	175.83
	Stores and spares	**718.41**	525.93
	Scrap	**8.77**	8.24
		3,500.85	2,232.61
15	**Trade receivables**		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they became due for payment	**565.91**	828.94
	Others	**5,184.09**	3,408.30
		5,750.00	4,237.24
16	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	**1.81**	6.52
	Balances with banks		
	Current accounts	**109.84**	360.69
	Cash credit account	**0.41**	0.01
		112.06	367.22
	Other bank balances		
	Unpaid dividend	**21.20**	20.38
	Bank deposits with original maturity of more than 3 months but less than 12 months	**2.85**	-
	Bank deposits with banks held as margin money and as security against bank guarantees	**375.59**	277.29
		399.64	297.67
		511.70	664.89

Notes to Consolidated Balance sheet

(Rs. in lakhs)

Note no.	Particulars	As at 31st March, 2017	As at 31st March, 2016
17	**Short term loans and advances**		
	(Unsecured, considered good)		
	Security deposit	**-**	1.00
	Advances to suppliers	**242.47**	240.03
	Balances with central excise	**146.24**	104.90
	Prepaid expenses	**140.14**	124.68
	Loans and advances to staff	**6.51**	4.13
	Vat credit receivable	**1.51**	6.08
	Service tax receivable	**29.24**	24.94
	Advances for expenses	**37.01**	28.64
		603.12	534.40
18	**Other current assets**		
	Interest accrued on deposits	**16.98**	11.44
	Export incentives receivable	**16.11**	17.14
	Incentives receivable	**6.29**	-
	Unbilled revenue	**279.36**	33.45
		318.74	62.03

Notes to Consolidated Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
19	**Sale of services**		
	Operations and maintenance services	**2,041.60**	1,600.59
	Job work and other services	**292.19**	141.71
	Royalty and technology transfer fees	**-**	66.56
		2,333.79	1,808.86
20	**Other operating revenues**		
	Sale of scrap arising out of manufacturing process	**99.76**	44.11
	Export incentives	**60.24**	24.09
		160.00	68.20
21	**Other income**		
	Interest income	**33.73**	30.39
	Profit on sale of assets	**0.43**	-
	Net gain on foreign currency transactions and translations	**19.49**	-
	Provision for liabilities no longer required, written back	**5.67**	3.82
	Other non-operating income	**13.35**	12.24
		72.67	46.45
22	**Employee benefits expense**		
	Salaries, wages, bonus and other benefits	**4,546.49**	3,530.77
	Contribution to provident fund and other funds	**404.21**	326.15
	Contribution to ESI	**17.94**	8.14
	Staff welfare expenses	**189.07**	166.48
		5,157.71	4,031.54
23	**Finance costs**		
	Interest expense	**286.28**	251.68
	Other borrowing costs	**157.03**	122.81
		443.31	374.49
24	**Research and development expenses**		
	Material consumed	**11.85**	3.85
	Salaries, wages, bonus and other benefits	**88.16**	80.18
	Contribution to provident fund and other funds	**6.26**	5.75
	Contribution to ESI	**0.04**	-
	Contribution to scientific research	**3.15**	-
		109.46	89.78

Notes to Consolidated Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
25	**Other expenses**		
	Consumption of stores and spare parts	**120.92**	46.01
	Consumption of packing materials	**450.45**	428.12
	Power and fuel	**368.74**	172.34
	Rent	**17.43**	14.27
	Repairs to buildings	**35.47**	28.20
	Repairs to machinery	**547.91**	306.74
	Repairs to other assets	**204.32**	166.98
	Insurance	**82.41**	84.97
	Rates and taxes, excluding taxes on income	**91.36**	70.25
	Directors sitting fees	**8.60**	9.50
	Payments to auditors		
	as auditors	**7.79**	6.60
	for tax audit	**5.10**	3.50
	for income tax matters	**2.85**	1.00
	for quarterly reviews	**6.50**	5.25
	for certification	**1.95**	2.45
	for expenses	**1.46**	1.42
	Printing and stationery	**23.58**	20.38
	Communication expenses	**23.77**	23.90
	Vehicle maintenance	**21.37**	22.26
	Travelling and conveyance	**280.09**	247.02
	Professional charges	**75.44**	79.83

Notes to Consolidated Statement of Profit and Loss

(Rs. in lakhs)

Note no.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Technical know how fees	**5.68**	0.50
	Advertisement	**2.88**	6.25
	Sales commission	**212.28**	177.50
	Sales promotion expenses	**6.92**	3.72
	Other selling expenses	**40.41**	47.92
	Carriage and freight	**639.86**	571.64
	Freight recovered	**(425.76)**	(357.22)
	Book deficit on assets discarded	**3.39**	3.94
	Bad debts written off	**0.42**	-
	General expenses	**212.70**	200.59
	Bank charges and commission	**14.13**	10.13
	Donations	**8.18**	3.83
	Prior year expenditure	**0.17**	38.14
	Corporate social responsibility (CSR) expenditure	**26.89**	23.88
	Net loss on foreign currency transactions and translations	**-**	8.10
	Preliminary expenses	**0.15**	0.11
		3,125.81	2,480.02
26	**Exceptional items**		
	Profit on sale of wind mill	**58.15**	-
	Payments under voluntary retirement scheme	**-**	(369.56)
	Profit on sale of land	**-**	100.10
		58.15	(269.46)

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.1 Summary of significant accounting policies

1 Basis of preparation of consolidated financial statements

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

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees rounded off to the nearest lakh.

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

2 Principles of consolidation

The consolidated financial statements relate to Premier Explosives Limited ('the Company') and its subsidiary companies, associate and joint venture. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intragroup transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"

(ii) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

(iii) Interest in Joint Ventures (Jointly controlled entities) have been accounted by using the proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealised profits or losses as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

(iv) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

(v) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Profit and Loss Statement being the profit or loss on disposal of investment in subsidiary.

(vi) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(vii) The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement Profit and Loss, to the extent such change is attributable to the associates' Profit and Loss Statement and through its reserves for the balance based on available information.

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.1 Summary of significant accounting policies

(viii) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

(ix) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The list of subsidiaries, joint venture and associate which are included in the consolidation and the Group's holdings therein are as under:

Name of the company	Ownership in %	Country of Incorporation
Premier Wire Products Limited (Earlier an associate, became a subsidiary during the year)	80.00	India
PELNEXT Defence Systems Private Limited (subsidiary)	100.00	India
BF Premier Energy Systems Private Limited (Joint venture)	50.00	India

3 Use of estimates

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

4 Tangible fixed assets

(i) Tangible fixed assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any except in case of land which is stated at revalued amount. Historical cost is inclusive of freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT wherever applicable. In respect of projects involving construction, related pre-operational expenses form part of the cost of the assets capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the period in which they are incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation as at the balance sheet date.

(ii) Revenue expenditure incurred during the construction period of the project is shown under "Unallocated Expenditure Pending Capitalisation" till the commencement of the commercial production or their intended use and the same is capitalised by allocating to relevant assets in the ratio of their direct costs.

5 Impairment of assets

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

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.1 Summary of significant accounting policies

6 Depreciation

(i) Depreciation is computed on a straight line basis so as to write off cost of assets over the useful lives of tangible fixed assets in the manner prescribed in Schedule II of the Act. The useful life of the assets are periodically reviewed and re-determined based on a technical evaluation and expected use and the unamortised depreciable amount is charged over the remaining useful life of such assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life and residual value are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

(ii) Deprecation is provided at one hundred percent for assets costing Rs.5000/- or less.

(iii) Leasehold land is amortised over the lease period.

7 Intangible assets and amortisation

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

8 Inventories

(i) Raw materials and stores and spares are valued at lower of cost, calculated on weighted average basis, and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished product in which these will be incorporated are expected to be sold at or above cost.

(ii) Finished goods and work-in-progress are valued at lower of cost and net realisable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

(iii) Scarp is valued at net realisable value.

(iv) Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(v) Obsolete, defective and unserviceable inventories are duly provided for.

9 Borrowing costs

(i) Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

(ii) Borrowing costs directly attributable to acquisition or construction of Fixed Assets which necessarily take a substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalized. All other borrowing costs are expensed in the period they occur.

10 Investments

(i) Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

(ii) Current investments are carried at lower of cost and fair value determined on individual investment basis.

(iii) Long-term investments are carried at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments.

(iv) Investment property: Investment in land that is not intended to be used in the operations of the company, has been classified as investment property and is carried at cost.

(v) On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss .

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.1 Summary of significant accounting policies

11 Revenue recognition

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

(i) Sales

Revenue from sales is recognised when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract, which coincides with the delivery of the goods. Gross revenue includes excise duty and adjustments for price variation and liquidated damages.

(ii) Service income

Service income is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Interest

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

(iv) Dividend

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

12 Excise duty

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

13 Employee benefits

Short term employee benefits

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

Long term employee benefits

(i) Defined contribution plans

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

(ii) State plans

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

(iii) Defined benefit plans

a) Gratuity

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

b) Leave encashment

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

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

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

14 Foreign exchange transactions

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

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.1 Summary of significant accounting policies

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

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

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

15 Research and development

Revenue expenditure on research and development is charged to the Statement of profit and loss. Capital expenditure on research and development is shown as an addition to fixed assets.

16 Operating leases

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

17 Taxation

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

(ii) Current year tax

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

(iii) Deferred tax

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

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

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

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

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

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.1 Summary of significant accounting policies

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

(iv) Minimum Alternate Tax (MAT) Credit

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

18 Provisions, Contingent liabilities and Contingent assets

(i) Provisions, involving substantial degree of estimation in measurement, are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

(ii) Contingent liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the Notes to the financial statements.

(iii) Contingent assets are neither recognised nor disclosed in the financial statements.

19 Earnings per share

(i) The basic earnings per share (EPS) is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

20 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

21 Cash and cash equivalents

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

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

1 Corporate information

Premier Explosives Limited (Parent company), its subsidiaries and a jointly controlled entity are engaged in the business of high energy materials (commercial explosives and defence explosives) and also manufacturing some of the raw materials as backward integration. Commercial explosives comprise of bulk explosives, packaged explosives, detonators, detonating fuse, etc., which are used in mining and infrastructure sectors. Defence explosives comprise of solid propellants, pyrogen igniters, pyro devices, etc. consumed in manufacture of missiles and other defence items. Having obtained a few industrial licenses, the group is planning to enter into manufacture of ammunition to meet the requirements defence forces.

The Parent company is an ISO 9001 company and also received certificate of AS 9100c, which is valid for supply of high energy materials for aero space and defence applications. Laboratories of the Company have accreditation of National Accreditation Board for Testing & Calibration Laboratories (NABL) and recognition of Department of Scientific & Industrial Research (DSIR). The company is listed on Bombay Stock Exchange and National Stock Exchange.

2 Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Contingent liabilities		
On account of guarantees issued by the banks on behalf of the company	**3342.74**	3,129.84
Sales tax demands disputed by the company pending in appeal	**575.83**	151.31
Income tax demand disputed by the company pending in appeal	**34.39**	-
Note: It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**794.06**	265.97

3 During the year, the Parent Company and its subsidiary company has revalued its Freehold Land effective from 31.12.2016 based on the report of Independent Registered Valuers. The Company has adopted the realisable values reported by the valuer at Rs.6315.24 lakhs as against the original cost of Rs.435.15 lakhs. The resulting revaluation surplus of Rs.5880.09 lakhs has been credited to Revaluation Reserve, which is not available for distribution of dividend to shareholders.

4 Confirmation letters have been issued in respect of trade receivables and other receivables, loans and advances and trade payables and other payables of the company but not responded to in some cases. Hence, unconfirmed balances are subject to reconciliation and consequent adjustments, if any, would be determined / made on receipt of confirmation. However, in the opinion of the Board, all assets other than fixed assets and non-current investments have a realizable value in the ordinary course of business which is not different from the amount at which it is stated.

5 In view of inadequacy of profit, managerial remuneration paid to Chairman and Managing Director for the year ended 31st March, 2017 has exceeded the amount payable in terms of Sections 197 read with Schedule V of the Act by an amount of Rs. 36.07 lakhs. The company has already sought the approval from the Central Government in respect of the above said amount, which is yet to be received.

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

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

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	Amount in foreign currency	**Equivalent amount (Rs. in lakhs)**	Amount in foreign currency	Equivalent amount (Rs. in lakhs)
US Dollars				
Payables for supplies, services etc.,	**4,306**	**2.79**	3,52,050	233.53
Advance from customers	**-**	**-**	3,10,657	206.07
Receivables for supplies and services	**7,05,828**	**457.65**	2,91,205	193.16
Advances for purchase of spares and equipment	**8,117**	**5.26**	16,418	10.89
Working capital borrowing	**23,06,075**	**1495.23**	8,97,163	595.11
Balance with banks	**1,36,255**	**88.35**	5,06,457	335.95
Advances for supplies	**4,700**	**3.05**	-	-
AED				
Advances for supplies	**2,92,030**	**49.97**	-	-
Euros				
Receivables for supplies and services	**1,51,662**	**105.02**	2,15,350	161.72
Advances for purchase of spares and equipment	**3,09,440**	**214.28**	96,055	72.13
Working capital borrowing	**3,05,983**	**211.88**	-	-

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

7 Information on employee benefits (Accounting Standard 15)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a) Defined contribution plans		
Contribution to provident fund	**251.20**	211.82
b) State Plans		
Contribution to E.S.I.	**17.98**	8.14
c) Defined benefit plans		
c.1) Gratuity (funded)		
Assumptions		
Salary rise	**4%**	4%
Discount rate	**8.25%**	8%
Attrition rate	**2%**	4%
Expected rate of return	**8.25%**	8.35%
Expenses recognised in Statement of profit and loss		
Current service cost	**51.72**	29.61
Interest cost on benefit obligation	**48.76**	48.14
Expected return on plan assets	**(36.86)**	(33.67)
Net actuarial (gain) / loss recognised in the year	**95.65**	76.00
Net benefit expense	**159.27**	120.08
Actuarial return on plan assets	**(36.86)**	(33.67)
Net asset/liability recognised in balance sheet		
Defined benefit obligation	**783.40**	619.00
Fair value of plan assets	**(614.04)**	(467.67)
Status (surplus)/deficit	**169.36**	151.33
Unrecognised past service cost	**-**	-
Net asset/liability recognised in balance sheet	**169.36**	151.33
Changes in present value of defined benefit obligation		
Opening balance	**630.55**	601.75
Interest cost	**48.76**	48.14
Current services cost	**51.72**	29.61
Benefits paid	**(42.09)**	(136.50)
Actuarial (gain) / loss	**101.18**	76.00
Closing balance	**790.12**	619.00
Changes in fair value of plan assets		
Opening balance	**467.67**	510.50
Expected return	**42.38**	33.67
Contributions	**146.07**	60.00
Benefits paid	**(42.09)**	(136.50)
Closing balance	**614.03**	467.67
Movement of liability in balance sheet		
Opening balance	**151.19**	91.25
Expenses as above	**159.27**	120.08
Contribution paid	**(146.07)**	(60.00)
Closing balance	**164.39**	151.33

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

c.1a) Amounts recognised in current and previous four years (Rs. in lakhs)

Particulars	**31.03.2017**	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Defined benefit obligation	**783.40**	619.00	601.75	524.68	397.49
Plan assets	**(614.04)**	(467.67)	(510.50)	(469.29)	(303.49)
(Surplus)/deficit	**169.36**	151.33	91.25	55.39	94.00
Experience adjustments in plan liabilities	**-**	-		-	-
Experience adjustments in plan assets	**-**	-	-	-	-

c.2) Leave encashment (unfunded) (Rs. in lakhs)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Assumptions		
Salary rise	**4%**	4%
Discount rate	**8.25%**	8%
Attrition rate	**2%**	4%
Changes in present value of defined benefit obligation		
Opening balance	**116.96**	117.89
Interest cost	**7.74**	9.43
Current services cost	**33.03**	0.88
Benefits paid	**(40.35)**	(33.08)
Actuarial (gain) / loss	**100.25**	20.84
Closing balance	**217.63**	115.96
Expenses recognised in Statement of profit and loss		
Current service cost	**33.03**	0.88
Interest cost on benefit obligation	**7.74**	9.43
Expected return on plan assets	**-**	-
Net actuarial (gain) / loss recognised in the year	**100.25**	20.84
Net benefit expense	**141.02**	31.15

Note:

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

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

8 Segment reporting

Segments are identified in line with AS 17 "Segment Reporting", taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Identification of reportable segments:

A. Business Segment:

The Group is engaged in manufacture of explosives, which is considered as primary reportable segment.

B. Geographical Segment:

Revenue is segregated into two segments namely India (Sales and services to customers within India) and other countries (Sales and services to customers outside India) on the basis of geographical location of customers for the purpose of reporting geographical segments.

Financial Information as required in respect of reportable segments is as given below:

(Rs. in lakhs)

Particulars	2016-17		2015-16	
	Within India	**Outside India**	Within India	Outside India
Sales and services by location of customers	**23,982.30**	**2,075.54**	18,457.87	1,759.07
Carrying amount of assets by location	**22,296.68**	**-**	12,968.35	-
Cost incurred on acquisition of tangible and intangible fixed assets	**958.20**	**-**	198.35	-

9 Details of related parties (Accounting Standard 18)

	Nature of relationship	Related party	Transactions during the year (Yes/No)
1	Key management personnel	Dr. A.N.Gupta	Yes
		Mr. T.V.Chowdary	Yes
		Dr. N.V.Srinivasa Rao (Upto September, 2016)	Yes
		Colonel Vikram Mahajan (Retired)	Yes
2	Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta	Yes
		Mrs. T.Malati	No
		Ms. T.Shruti	No
		Mrs. N.Surya Kumari	No
3	Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing	No
		A. N. Gupta (HUF)	No
		Godavari Farms & Plantations	No
4	Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)	Godavari Explosives Limited	No
		Ask Consultants Private Limited	No
		Aims	No
5	Concerns in which the company has substantial interest (Earlier an associate, became a subsidiary during the year)	Premier Wire Products Limited	Yes
6	Joint venture (Jointly controlled entity)	BF Premier Energy Systems Private Limited	Yes

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

9.1 Details of transactions with the related parties (Rs. in lakhs)

S. No.	Related party / Nature of transaction	2016-17		2015-16	
		Amount of Transaction	**Amount Outstanding**	Amount of Transaction	Amount Outstanding
1	**Key management personnel**		**484.99 Credit**		385.61 Credit
	Managerial remuneration	**361.87**		323.59	
	Acceptance of unsecured loans	**60.50**		145.50	
	Interest paid	**47.47**		28.43	
	Repayment of unsecured loans	**4.42**		1.00	
	Dividend paid	**-**		101.49	
2	**Relatives of key management personnel**		**204.40 Credit**		219.66 Credit
	Sitting fees	**2.10**		2.30	
	Acceptance of unsecured loans	**10.80**		108.50	
	Repayment of unsecured loans	**43.00**		3.25	
	Interest paid	**26.71**		19.07	
	Dividend paid	**-**		43.51	
3	**Concerns in which key management personnel have substantial interest**		**-**		-
	(Significant interest entities)				
	Dividend paid	**-**		26.27	
4	**Concerns in which relatives of key management personnel have substantial interest**		**-**		-
	(Significant interest entities)				
	Dividend paid	**-**		0.25	
5	**Concerns in which the company has substantial interest (Earlier an associate, became subsidiary during the year)**		**-**		112.80 Credit
	Purchase of raw materials	**-**		149.16	
	Jobwork charges paid	**-**		2.82	
6	**Joint venture (Jointly controlled entity)**		**0.19 Debit**		0.19 Debit
	Investment	**-**		5.00	
	Reimbursement of payment of expenses	**-**		0.19	

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

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

(Rs. in lakhs)

S. No.	Nature of transaction / Related party	2016-17	2015-16
1	**Acceptance of unsecured loans**		
	Dr. A.N.Gupta	**60.50**	145.50
	Dr. Kailash Gupta	**10.80**	108.50
2	**Interest paid**		
	Dr. Kailash Gupta	**26.71**	19.07
	Dr. A.N.Gupta	**47.47**	28.43
3	**Job work charges paid**		
	Premier Wire Products Limited	**-**	2.82
4	**Managerial remuneration paid***		
	Dr. A.N.Gupta	**212.09**	180.74
	Mr. T.V Chowdary	**73.32**	57.84
	Dr. N.V.Srinivasa Rao	**33.20**	49.96
	Colonel Vikram Mahajan (Retired)	**43.26**	35.05
	*Note: As gratuity and leave encashment are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.		
5	**Repayment of unsecured loans**		
	Dr. A.N.Gupta	**-**	1.00
	Dr. Kailash Gupta	**43.00**	3.25
6	**Sitting fees**		
	Dr. Kailash Gupta	**2.10**	2.30
7	**Purchase of materials**		
	Premier Wire Products Limited	**-**	149.16
8	**Dividend paid**		
	Dr. A.N.Gupta	**-**	99.16
	A.N.Gupta (HUF)	**-**	26.27
	Dr. Kailash Gupta	**-**	42.69
9	**Investment in equity shares***		
	BF Premier Energy Systems Private Limited	**-**	5.00
10	**Reimbursement of payment of expenses***		
	BF Premier Energy Systems Private Limited	**-**	0.19

*Note: Transactions with Joint Venture have been disclosed at full value

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

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

		Year ended 31st March, 2017	Year ended 31st March, 2016
Profit attributable to the equity shareholders (Total operations) (Rs. in lakhs)	(A)	**1,496.95**	565.08
Profit attributable to the equity shareholders (Continuing operations) (Rs. in lakhs)	(B)	**1,477.19**	559.36
Basic / Diluted weighted average number of equity shares outstanding during the year	(C)	**88,58,575**	88,58,575
Face value of each equity share (Rs.)		**10.00**	10.00
Basic/Diluted Earnings per share (Total operations) (Rs.)	(A) / (C)	**16.90**	6.38
Basic/Diluted Earnings per share (Continuing operations) (Rs.)	(B) / (C)	**16.68**	6.31

11 Deferred tax liabilities(net)

(Rs. in lakhs)

Particulars	Opening as at 1st April, 2016	Adjustment*	Charge/ (Credit) during the year	**Closing as at 31st March, 2017**
a) Deferred tax liabilities				
Depreciation	636.51	50.56	(71.21)	**615.86**
Total (a)	636.51	50.56	(71.21)	**615.86**
b) Deferred tax assets				
Expenses debited to the Statement of profit and loss in current year but allowable as deductable 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	123.13	4.75	35.75	**163.63**
V.R.S	104.88	-	(28.14)	**76.74**
Unabsorbed depreciation	-	26.13	(12.31)	**13.82**
Total (b)	228.01	30.88	(4.70)	**254.19**
Net (a - b)	408.50	19.68	(66.51)	**361.67**

*Adjustment on acquisition of Premier Wire Products Limited as on 30th June, 2016

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

12 Discontinuing operations:

During the year, pursuant to the approval of the Board of Directors, the Company has transferred the Wind Mill Division at Dindigul District to OPEL Investments Private Limited as on going concern on slump sale basis with effect from the close of business on 22nd March, 2017 for a consideration of Rs.298.83 lakhs. The results of the discontinued business during the year until discontinuation is as under:

(Rs. in lakhs)

Particulars	**For the period 01.04.2016 to 22.03.2017**	For the year 01.04.2015 31.03.2016
Total revenue	**41.86**	27.79
Total expenses	**22.10**	22.07
Profit before tax	**19.76**	5.72
Tax expense	**-**	-
Profit after tax of discontinuing operation	**19.76**	5.72
Carrying amount of assets as at the balance sheet date relating to the discontinued business to be disposed off	**243.02**	237.13
Carrying amount of liabilities as at the balance sheet date relating to the discontinued business to be settled	**2.34**	0.01
Net cash flow attributable to the discontinued business:		
Cash flows from operating activities	**16.20**	15.61
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**(16.20)**	(15.61)

13 Information as required under Schedule III of the Companies Act, 2013 of enterprises consolidated:

(Rs. in lakhs)

Name of the entity	Indian/ foreign	Net assets, i.e., total assets minus total liabilities		Share in profit or loss (Profit after tax)	
		As % of consolidated assets	Amount	As % of consolidated profit or loss	Amount
Parent					
Premier Explosives Limited		98.87	13,724.37	98.54	1475.09
Subsidiary					
Premier Wire Products Limited	Indian	1.20	166.57	1.76	26.32
PELNEXT Defence Systems Private Limited	Indian	-	(0.42)	(0.03)	(0.42)
Joint Venture					
BF Premier Energy Systems Private Limited	Indian	(0.07)	(9.25)	(0.27)	(4.04)
		100.00	13,881.27	100.00	1,496.95
Minority interest in subsidiaries					
Premier Wire Products Limited	Indian		171.91		7.96

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

14 The Company's share in respect of the assets, liabilities, reserves, income and expenses, related to its interest in the jointly controlled entities, incorporated in the consolidated financial statements is:

(Rs. in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Assets:		
Tangible assets	**0.09**	0.15
Cash and bank balances	**0.16**	0.12
Short term loans and advances	**-**	1.00
	0.25	1.27
(b) Liabilities:		
Long term provisions	**-**	0.18
Trade payables	**4.35**	1.01
Other current liabilities	**0.15**	0.10
Short term provisions	**-**	0.19
	4.50	1.48
(c) Reserves:		
Retained Earnings	**(9.25)**	(5.21)
(d) Income:		
Other income	**0.37**	-
(e) Expenses:		
Employee benefit expenses	**2.71**	4.64
Depreciation and amortization expenses	**0.06**	0.02
Other expenses	**1.64**	0.55
	4.41	5.21

27 Summary of significant accounting policies and other explanatory information (Consolidated)

27.2 Other explanatory information

15 The details of specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in table below:

(Rs. in lakhs)

Particulars	Specified bank notes	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	11.07	4.86	15.93
Add: Permitted receipts	-	23.62	23.62
Add: Non Permitted receipts	0.09	-	0.09
Less: Permitted payments	-	24.46	24.46
Less: Amount deposited in banks	11.16	-	11.16
Closing cash in hand as on 30th December, 2016	-	4.02	4.02

As per our report of even date
For P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

For and on behalf of the Board

P.V.R.K. Nageswara Rao
Partner
Membership Number: 18840

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
27.05.2017

K.Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director

Notice of the 37th Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of Premier Explosives Limited will be held at Surana Udyog Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabd-500004 on Wednesday, 27th of September, 2017 at 10.30 a.m. to transact the following business.

Ordinary Business:

1. To receive, consider and adopt –

   a. The financial Statements of the Company for the year ended 31st March, 2017 and the reports of the Board of Directors and Auditors' thereon.

   b. The audited consolidated financial statement of the Company for the Financial Year ended 31st March, 2017.

2. To declare Dividend for the year 2016-17.

3. To appoint a director in place of Col Vikram Mahajan (Retd) (DIN: 06613483), who retires by rotation and being eligible offers himself for re-appointment.

4. Appointment of Auditors

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

   "Resolved that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Majeti & Co., Chartered Accountants,(Firm Registration No. 015975S), be appointed as statutory auditors of the Company, in place of retiring auditors M/s. P.V.R.K.Nageswara Rao & Co., Chartered Accountants (Firm Registration No. 002283S), to hold office from the conclusion of this 37th Annual General Meeting (AGM) until the conclusion of the 42nd AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

Special Business:

5. **Re-Appointment of Col Vikram Mahajan (Retd) as whole time Director designated as 'Director Marketing'**

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

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014, including any statutory modifications or enactments thereof from time to time, the consent of the Shareholders be and is hereby accorded to the re-appointment of Col Vikram Mahajan (Retd) (DIN:06613483] as whole time Director with the designation of 'Director Marketing' of the Company, with effect from 06th November,2017 for a period of three years on the following terms and conditions:

   1. Salary:

   a. He will be entitled to a basic salary of Rs.1,74,400 (Rupees One Lakh Seventy Four Thousand Four Hundred only) per month with effect from 06th November, 2017.

   b. His basic salary will be revised every year by the Remuneration Committee based on his performance and he may be awarded an increment of 10-20% (rounded off to nearest Rs. 100/-) with effect from 1st of April.

   2. Perquisites and Allowances:

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

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

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

      These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 196, 197 and Schedule V annexed to the Companies Act, 2013.

   c. Medical reimbursement for self and family to the extent of one month basic salary which can also be availed cumulatively up to 3 years or his tenure whichever is earlier, as per the Rules of the Company.

   d. Leave travel concession for self and family once in a year to the extent of one month basic salary.

   e. Club fees (maximum 2 clubs)

f. Mediclaim and Personal accident insurance as per Rules of the Company.

3. Other benefits:

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

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

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

c. Use of Company Car with driver & Telephone at residence for official purposes.

4. Commission:

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

5. Minimum remuneration:

In the event of loss or inadequacy of profits in any financial year, the Director Marketing shall be paid the above remuneration as minimum remuneration

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

6. Approval to the Remuneration payable to the Cost Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31st, 2018, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

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

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

Secunderabad
18.08.2017

Vijayashree.K
Company Secretary

Notes:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

3. A Person can act as proxy on behalf of Members not exceeding 50 (Fifty) and holding in the aggregate not more than 10% (Ten percent) of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% (Ten percent) of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or Member.

4. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting along with the copy of Annual Report.

5. The Authorised Representatives of the Corporate Members are requested to bring a certified true copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 duly authorizing them to attend and vote at the Annual General Meeting.

6. The register of members and share transfer books of the Company will remain closed from 17.09.2017 to 27.09.2017 (both days inclusive).

7. The dividend of Rs.3.00/- per share for the year ended March 31, 2017 as recommended by the Board, if sanctioned at the Annual General Meeting, will be payable to those members whose names appear on the Company's register of members on 27th of September, 2017. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.

8. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends. While members holding shares in physical form, may write to the Registrar and Transfer Agent for any change in their addresses.

9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124(5) of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices etc., from the Company electronically.

11. The Notice of the AGM along with the annual report for the year 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Share Transfer Agent of the Company/Depositories, unless any Member has requested for the physical copy of the same.

12. Brief Profile of Directors proposed to be appointed/ re-appointed, names of Companies in which they hold Directorships and Memberships/Chairmanships of Board Committees, shareholding and relationships between Directors inter se as stipulated under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are provided in the Report on Corporate Governance forming part of the Annual Report.

13. E-voting facility

    a. Pursuant to the provisions of Section 107 and 108, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the option of E-Voting facility to all the members of the Company, on all the resolutions set forth in the Notice. For this purpose, the Company has entered into an agreement with Karvy Computershare Private Limited for facilitating e-voting. Resolution(s) passed by members through e-voting is/are deemed to have been passed, as if; they have been passed at the AGM.

    b. Mr.K.V.Chalama Reddy, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process.

    c. The facility of the Ballot paper shall be made available at the meeting and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.

    d. The Company will be sending communication relating to remote e-voting which inter alia would contain details about User Id and Password along with a copy of this Notice to the Members.

    e. The remote e-voting period commences on **24th September, 2017 (9.00 a.m.)** and ends on **26th September, 2017 (5.00 p.m.).** During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date of **20th September, 2017** may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

    f. The Scrutinizer shall after the conclusion of voting at the AGM will first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

    g. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company-www.pelgel.com and on the website of Karvy https://evoting.karvy.com, immediately after the declaration of the result by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the Bombay Stock Exchange and the National Stock Exchange.

Notice of the 37th Annual General Meeting

Procedure and Instructions for e-voting

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

i) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'

ii) Enter the login credentials (i.e., user-id & password) mentioned in the mail received from Karvy. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDl :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- • Event no.(EVENT) followed by Folio Number registered with the company
Password	Your Unique password is printed overleaf / provided in the email forwarding the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

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

iv) Members can cast their vote online from **24th September, 2017 @ 9.00 a.m.** to **26th of September, 2017 @ 5.00 p.m.**

v) After entering these details appropriately, click on "LOGIN".

vi) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z). one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through **Karvy Computershare Private Limited e-Voting platform.** System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii) You need to login again with the new credentials.

viii) On successful login, system will prompt to select the 'Event' i.e., **'Premier Explosives Limited'.**

ix) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.

x) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting .Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'.

xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on " CANCEL "and accordingly modify your vote.

xii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xiii) Corporate/Institutional Members (corporate/Fls/Flls/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to kvcr133@gmail.com copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no.".

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

Secunderabad
18.08.2017

Vijayashree.K
Company Secretary

Shareholders may please note that no gifts / compliments of any kind shall be distributed at the venue of the meeting

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

Item No. 4

Though not mandatory, this statement is provided for reference.

In order to comply with the provisions of Section 139 of the Companies Act, 2013 regarding rotation of the statutory auditors, the Audit Committee has proposed and the Board of Directors has recommended, the appointment of M/s. Majeti & Co., Chartered Accountants, Hyderabad (Firm registration number: 015975S) as the statutory auditors of the Company for a period of five consecutive years from the conclusion of the 37th Annual General Meeting of the Company scheduled to be held on September 27, 2017, till the conclusion of the 42nd Annual General Meeting to be held in the year 2022, subject to the ratification by members every year, as may be applicable.

M/s. Majeti & Co., Chartered Accountants, Hyderabad have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors/Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No. 4 of the notice.

The Board recommends the Ordinary resolution set forth in item No. 4 of the notice for approval of the members.

Item No.5

The tenure of appointment of Col Vikram Mahan (Retd), Director Marketing (DIN: 06613483) will end on 05th November, 2017. The Board of Directors at their meeting held on 18th of August 2017, on the recommendation of the Nomination and Remuneration Committee, reappointed him as 'Director Marketing' with effect from 06th November, 2017 for a period of three years i.e. upto 05th November, 2020 at a remuneration as set out in the resolution, subject to the approval of the Shareholders.

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

None of the other Directors, Key Managerial Personnel or their relatives except Col Vikram Mahajan (Retd), is in any way concerned or interested, financially or otherwise in the resolution set out at item No.5.

Keeping in view the immense contribution made by Col Vikram Mahajan (Retd), to the Company and his rich and varied experience, the Board recommends the Ordinary Resolution set out at item No.5 of the Notice for approval by the shareholders for his reappointment as Director Marketing.

Item No.6

The Board on the recommendation of the Audit Committee has approved the appointment of M/s. S. S. Zanwar & Associates as the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year ending March 31, 2018 at a remuneration of Rs.1.20 Lakhs.

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

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at Item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2018.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in the Item No.6 of the Notice.

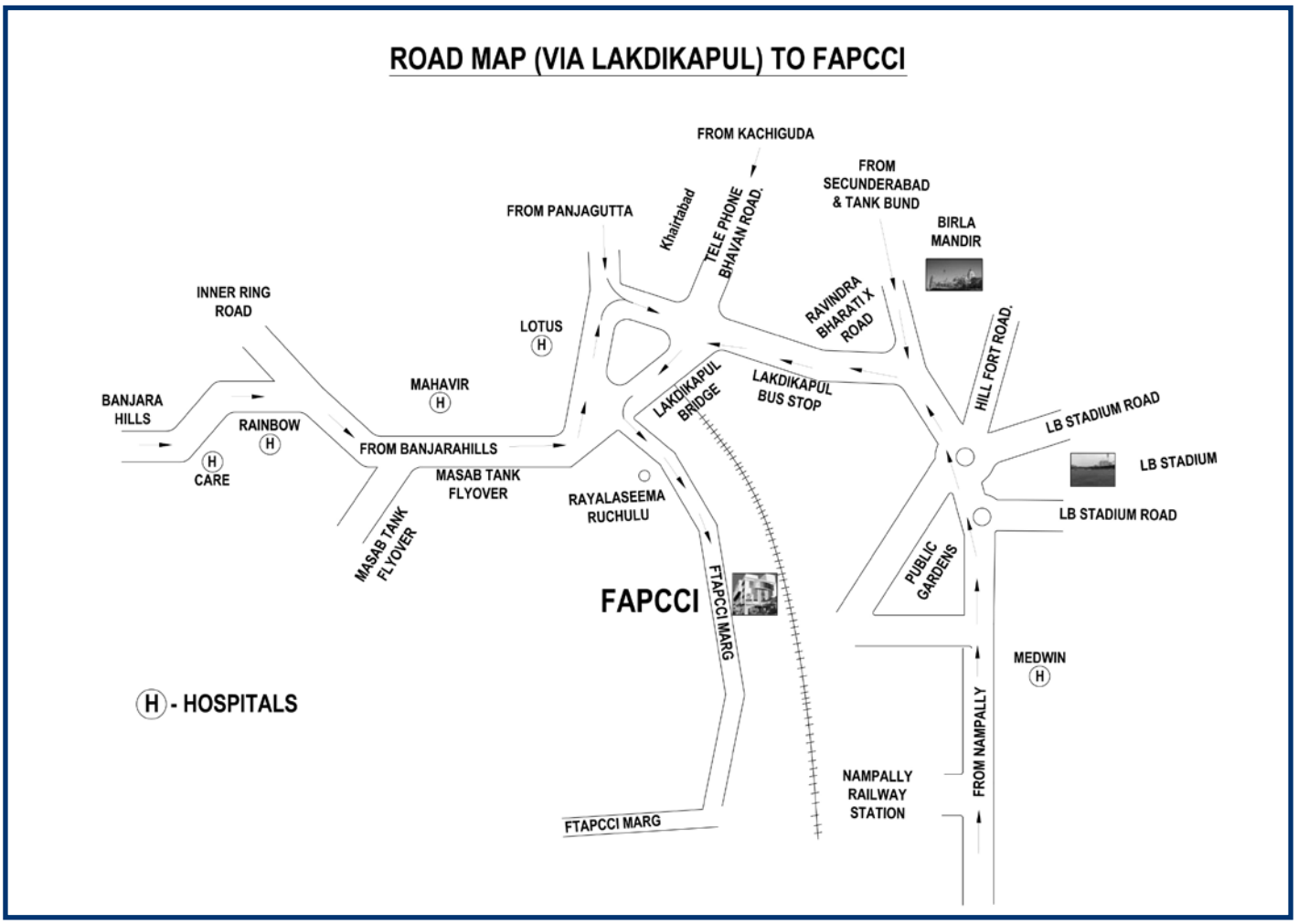
The Board recommends the Ordinary resolution set forth in item No. 6 of the notice for approval of the members.

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

Secunderabad
18.08.2017

Vijayashree.K
Company Secretary

Notice of the 37th Annual General Meeting



PREMIER EXPLOSIVES LIMITED

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

PROXY FORM

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Wednesday, the 27th September, 2017 at 10:30 A.M at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl.No.	**Resolutions**	**Optional***	
		For	**Against**
ORDINARY BUSINESS			
1	a. Adoption of audited financial Statements, and the reports of the Board of Directors and Auditors, for the year ended 31st March, 2017. b. Adoption of the audited consolidated financial statements of the Company for the year ended 31st March,2017.		
2	Declaration of Dividend for the year 2016-17		
3	Re-appointment of Col.Vikram Mahajan (Retd.) (DIN:06613483), as Director who retires by rotation.		
4	Appointment of M/s.Majeti & Co, Chartered Accountants as Statutory Auditors of the Company		
SPECIAL BUSINESS			
5	Re-appointment of Col. Vikram Mahajan (Retd.)(DIN:06613483) as Whole time Director designated as ' Director Marketing'		
6	Approval to the remuneration payable to the Cost Auditors		

Signed this ..... Day of .....2017.

Signature of shareholder : _____

Signature of Proxy holder (s) : _____

Affix a Revenue Stamp

Note :

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

PREMIER EXPLOSIVES LIMITED

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

ATTENDANCE SLIP

37TH ANNUAL GENERAL MEETING -SEPTEMBER 27TH, 2017 AT 10:30 A.M.

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

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

I hereby record my presence at the 37th Annual General Meeting of the Company being held at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana, on Wednesday, 27th September, 2017 at 10.30 a.m

Member's/Proxy's Signature

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

NOTES

NOTES

Premier
Explosives
Limited

Premier Explosives Limited
Premier House, 11 Ishaq Colony, Near AOC Centre,
Secunderabad – 500015, Telangana, India
Phone: 040 66146801 to 5, Email: investors@pelgel.com
www.pelgel.com