Premier Explosives Limited

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

September 27th, 2016

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: 36th Annual Report of the Company for the year 2015-16

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 2015-16 which has been approved and adopted in the 36th Annual General Meeting of the Company held on 23rd September, 2016.

Kindly take the same on record.

For **Premier Explosives Limited**

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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CIN : L24110TG1980PLC002633

Premier Explosives limited

Armed to Win

36th Annual Report 2015-16

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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.

Armed to Win

In the beginning Premier Explosives was a pure play commercial explosives manufacturer. With its high energy attitude, innovation and R&D strength the company soon forayed into manufacture of solid propellants for prestigious missile programs in India.

The management further realized that expanding the product portfolio is the way forward to capitalize on the emerging opportunities in the era of "Make in India". With the licenses in hand, now the company is planning to expand its capabilities in manufacture of ammunition, warheads and other defence supplies..

Today the company has enough fire power in terms of product portfolio, experienced management and strategic tie-ups making the company Armed to Win.

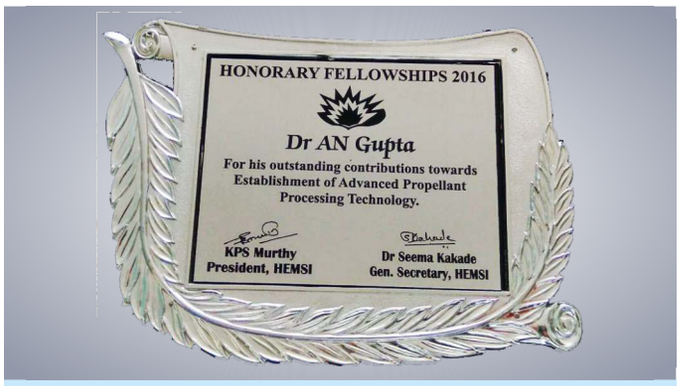
HIGHLIGHTS

Revenue up 23%

EBIDTA up 36%

Collaboration with BITS Pilani for research in high energy materials

Memorandum of Understanding (MOU) with Israel Aerospace Industries Limited for exploring potential business opportunities



Dr.Amarnath Gupta, Chairman and Managing Director of the Company, has been, awarded with an Honorary Fellowship' for the year 2016 by the High Energy Materials Society of India (HEMSI), for his outstanding contributions towards Establishment of Advanced Propellant Processing Technology

Indian Navy successfully test fired Long Range Surface to Air Missile (LRSAM) for which Premier Explosives Limited is supplying the solid propellants

1000th Akash Missile Booster

On 9th July 2016 the company delivered its 1000th Akash Missile Booster Grain to Bharat Dynamics Limited during a special event at its factory premises in Peddakandukuru in Nalgonda district.

Dr. G. Sateesh Reddy, Scientific Advisor to MoD was the Chief Guest at the event. Sri V. Udaya Bhaskar, Chairman & Managing Director of Bharat Dynamics Limited flagged off the vehicle carrying the 1000th Akash Missile Booster Grain. Smt. G.Sunita, Honourable MLA and Govt Whip of Telangana State, Dr. Chandramouli, DRDO Scientist witnessed the event.

Booster Grains manufactured by Premier are being used as solid fuel for Akash missile, which is a medium-range surface-to-air system that can target any aerial threat up to 30 km range and at altitudes up to 18,000 meters. Akash has been in operational service with the Indian Army and the Indian Air Force. A variant of the missile is under development for Navy.

Chairman's Message

Dear Shareholders

About a year ago I described the fiscal 2014-15 as difficult and demanding. Now I am happy to describe fiscal 2015-16 as satisfactory and promising.

During the year under review, your company achieved revenue of INR 1855 million, a growth of 24% over the previous year's revenue of INR 1502 million. This growth was contributed by higher demand from both commercial and defence customers. EBIDTA at INR 181 million was 36% higher than last year's amount of INR 133 million. As can be seen in the financial statements, profit before tax was 9% higher at INR 83 million compared to INR 76 million, after absorbing net exceptional items of INR 27 million.

Scaling up defence explosives

Solid propellants

I am pleased to inform you that your company has delivered 1000th Booster grain for Akash missile on 9th July, 2016 to Bharat Dynamics Limited. The Booster was delivered in a ceremonial way in the presence of Dr. G. Satheesh Reddy, the Scientific Advisor to Raksha Mantri as the Chief Guest and Smt. G. Sunitha, Telangana Government Whip and MLA, while Sri V. Udaya Bhaskar, the Chairman and Managing Director of Bharat Dynamics Limited flagged off the consignment. As mentioned by the Chief Guest, 1000 is not just a number, but a proof of your company's consistent and sustainable performance in delivery of quality product.

It may be apt for me to add here that your company's investments in knowledge and equipment in respect of solid propellants are yielding better results with volume growth in Akash missile systems. After some initial delays in finalisation of quality parameters, now Sustainer grains for Akash missile are being dispatched. Further, advanced stage of induction of Astra and other missiles has already resulted in orders and I expect regular orders in near future.

In addition to establishment of an insulation plant, now your company is creating additional facilities for expansion and backward integration.

Ammunition

Further to my statement last year that high energy materials for defence use would be your company's strategic focus in future, I am happy to mention that your company received Industrial Licenses for ammunition, warheads and other defence products.

Your company has been negotiating with foreign defence companies for technology to manufacture ammunition including

Bi-Modular Charge Systems (BMCS) and Armour-piercing fin-stabilized discarding-sabot (APFSDS). A new company PELNEXT DEFENCE SYSTEMS PRIVATE LIMITED was incorporated as a subsidiary which may be converted as a special purpose vehicle (SPV) or as a joint venture (JV) depending upon the outcomes of negotiations.

Your company is also making a blue print for utilisation of land acquired at Katepally, near Hyderabad to accommodate various defence products in pipeline.

Offset Order

I take this opportunity to share with you that your company received the first offset order from a US-company. The design work is completed and qualification trials are in progress. I expect supplies to be made in 2016-17.

Improvement in commercial explosives

Your company has received larger orders from Coal India and its positive impact has already been reflected in the 2015-16 financials. Further, during the year 2016-17 your company has received orders from Singareni Collieries and I expect a further improvement in the performance assuming the imported raw material continues to be favourable.

Demand de-growth experienced during the last couple of years is now turning for betterment.

Your company also is undertaking capital expenditure to enhance production capacities of bulk explosives and detonating fuse which are expected to be operational in third quarter of 2016-17.

Leadership and governance

In a measure to further empower the management team, Mr. T.V.Chowdary is recommended to be promoted as Deputy Managing Director to shoulder higher responsibilities.

Mr Arun Kapoor, Independent Director has resigned from the Board due to his other preoccupations. I thank him for his contributions during his term of office.

Your company also has strengthened middle management with recruitment of additional personnel with strong technical background in commercial and defence explosive manufacturing.

Corporate Social Responsibility

Your company has been continuing the health services to elderly persons through Helpage India's mobile medical unit. Support for education and other initiatives also have been carried on during the year under review, making your company's overall CSR-spend slightly surpassing the statutorily prescribed minimum amount.

Awards and recognitions

Your company has been constantly engaged in technological developments in the chemistry of high energy materials.

I am pleased to inform you that as the head of the company, I have been awarded 'Honorary Fellowship' for the year 2016 by the High Energy Materials Society of India (HEMSI), for outstanding contributions towards Establishment of Advanced Propellant Processing Technology. It is the first time that a person from private organisation has been honoured with this award.

Collaborations

Your company signed an MOU with Israel Aerospace Industries for exploring potential business opportunities.

Your company also signed an MOU with BITS Pilani for collaborative and Joint Research and Development activities, especially, pertaining to high energy materials.

I am pleased to inform you that our collaboration with Gulbarga University has resulted in award of Ph.D. to one of the students who conducted his research work at the laboratories of the university and your company.

Outlook

While we all know that defence supplies is large and long-term opportunity, the businesses shall maintain endurance and persistence. Your company has been maintaining these qualities for a long time and is poised to reap the benefits.

Revised Defence Procurement Policy 2016, liberal Foreign Direct Investment in defence up to 100%, India's entry into Missile Technology Control Regime – I firmly believe these macro factors will expedite Indian defence indigenisation and your company is expected to be benefited by such initiatives.

On commercial explosives front, I am delighted with the Government's initiative, Ujwal DISCOM Assurance Yojana (UDAY) which is expected to assist in financial turnaround of many electricity distribution companies and this will lead to overall improvement in power sector which is the largest demand-driver for industrial explosives. Similarly the Mines and Mineral (Development and Regulations) Act of 2015 also is expected to liberalise the mining which shall create new opportunities for explosive manufacturers.

General economy also is showing signs of improvement and India is considered a bright spot amongst the emerging economies and this augurs well for creation of infrastructure in the country, which again shall lead to higher demand for explosives. Introduction of GST is expected to bring all the commercial transactions above the table and will be helpful to the organised players in the explosives field.

To sum up I am very hopeful of growing opportunities for your company from both short term and long term perspectives.

I wish to express my gratitude to all our stakeholders who have been encouraging the management all the time.

Sincerely

Dr. A.N.Gupta

Chairman & Managing Director

Review by Deputy Managing Director

On performance in FY16

Performance during the year has been satisfactory. Profit before exceptional items and tax went up by 44% to INR 110.0 million from INR 76.2 million, mostly due to volume growth. We have offered Voluntary Retirement Scheme to 56 employees at a onetime payment of INR 37 million. This VRS cost would be compensated by reduction in annual employee cost over a period of three years.

On new defence products

Premier is planning to manufacture the following products and is negotiating for technologies.

Ammunition

Ammunition normally contains the components like explosive material, propellant and projectile all cased in a cartridge. Premier is planning to enter manufacture of ammunition above 20 mm calibre.

Bi-Modular Charge System (BMCS)

In case of smaller calibre ammunition, propellant is cased into the cartridge. However, in larger ammunition, the propellant is a separate component (BMCS) that propels the shell out of barrel.

Armuor - Piercing Fin-Stabilized Discarding Sabot (APFSDS)

It is a dart made of a special alloy which gives it good penetration against tank armour and the dart is carried by a sabot.

On capex

The company is planning to spend about INR 300 millions on expansion and new projects during 2016-18 and has obtained sanction of term loans for INR 230 millions. The capex is for both commercial and defence explosives.

The company also is anticipating major capex on ammunition projects and details would be computed after finalising the technology, capacity and other details.

T.V. Chowdary,
Deputy Managing Director

BOARD OF DIRECTORS

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.

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).

Dr. N V Srinivasa Rao

Director Production

He is a doctorate in chemistry with over 30 years of experience in the field of explosives & accessories and chemicals. He has published about 35 papers in various national and international journals. He is a member of High Energy Materials Society of India and also a Governing Body member there.

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.

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.

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. (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.

Arun Kapoor

Independent Director (till 29-07-16)

Fellow member of ICAI and a practicing CA since 1979. As a partner of Uberoi Sood & Kapoor, New Delhi, he has been providing audit services, project finance, corporate affairs, taxation, valuations, due diligence reviews.

Corporate Information

Board of Directors

Dr. A.N. Gupta (Chairman&ManagingDirector)
T.V. Chowdary (DeputyManaging Director)
Dr. N.V. Srinivasa Rao (DirectorProduction)
Col. Vikram Mahajan (DirectorMarketing)
Dr. (Mrs) Kailash Gupta
Anilkumar Mehta
P.R. Tripathi
Dr. A. Venkataraman
K. Rama Rao
Arun Kapoor

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

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

Established in 1980, and founded by Dr.A.N.Gupta, a Gold Medallist in Mining Engineering, Premier has the honour of being the first to set up a manufacturing unit with totally indigenous commercial explosive technology.

Premier is also the first private sector manufacturer in India to develop and supply solid propellants to country's prestigious missile Programmes.

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.

Market Cap
₹ 337
Crore

People
Premier's workforce consists of 1152 number of people across its locations.

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

0ur 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

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

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

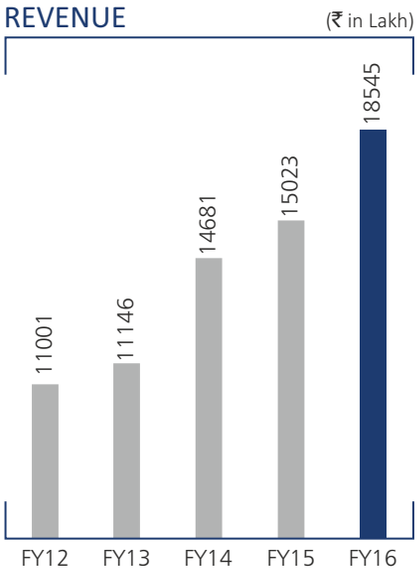
Plants
Detonator, Detonating fuse, Packaged explosives, product research & special products divisions
Peddakandukuru (Telangana)

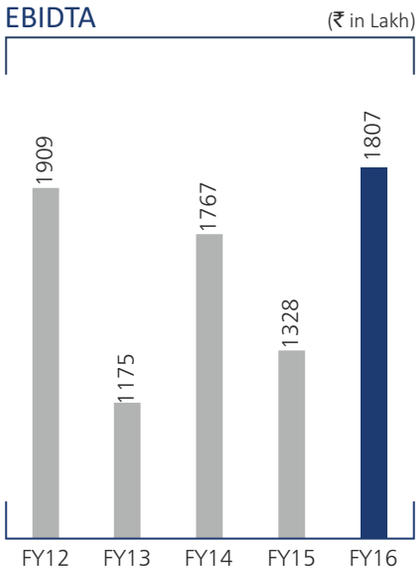
Bulk explosives divisions
Manuguru (Telangana)
Godavarikhani (Telangana)
Singrauli (Madhya Pradesh)
Chandrapur (Maharashtra)
Neyveli (Tamilnadu)

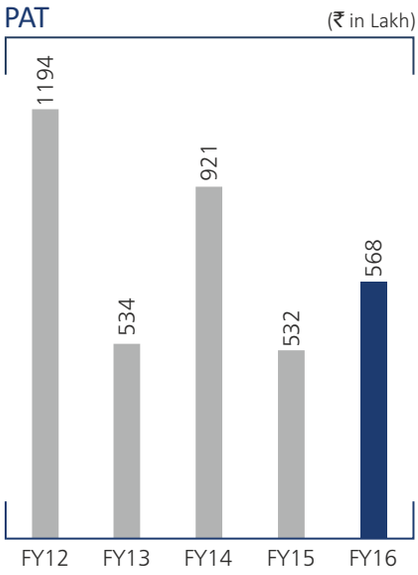
Windmill
Pushpathur (Tamilnadu)

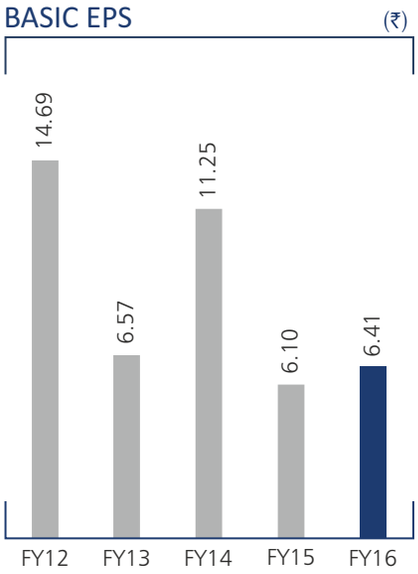
Listing
BSE & NSE

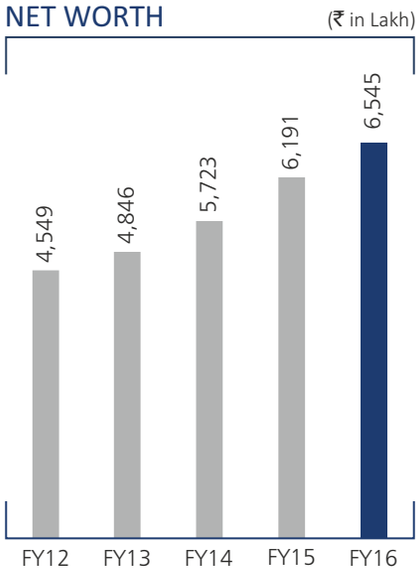
PERFORMANCE HIGHLIGHTS

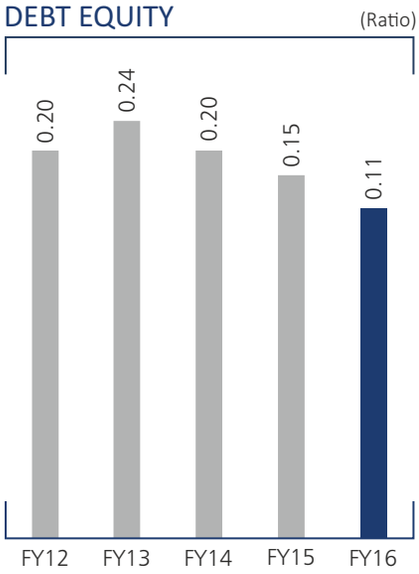












TEN YEARS AT A GLANCE

(₹ in Lakh)

STATEMENT OF PROFIT AND LOSS	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07
Total revenue	**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	6,956.46
EBIDTA	**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	982.12
Depreciation	**(332.39)**	(330.07)	(235.22)	(214.50)	(186.66)	(176.61)	(147.65)	(120.75)	(112.93)	(191.86)
Finance costs	**(374.49)**	(236.08)	(236.15)	(179.89)	(101.62)	(140.21)	(153.24)	(279.04)	(276.21)	(340.65)
Profit before exceptional items and tax	**1,100.30**	762.23	1,295.50	780.65	1,620.26	1,504.98	2,039.47	1,149.17	467.47	449.61
Exceptional items	**(269.46)**	-	-	(37.06)	39.20	-	(740.97)	(537.01)	397.12	-
Profit before tax	**830.84**	762.23	1,295.50	743.59	1,659.46	1,504.98	1,298.50	612.16	864.59	449.61
Tax	**(263.33)**	(230.18)	(374.19)	(209.67)	(465.36)	(503.46)	(704.18)	(326.10)	(281.71)	(187.08)
Profit after tax	**567.51**	532.05	921.31	533.92	1,194.10	1,001.52	594.32	286.06	582.88	262.53
EBIDTA / Revenue	**9.7%**	8.8%	12.0%	10.5%	17.3%	18.9%	25.8%	21.9%	14.3%	14.1%
PBT / Revenue	**4.5%**	5.1%	8.8%	6.7%	15.1%	15.6%	14.3%	8.6%	14.4%	6.5%
PAT / Revenue	**3.1%**	3.5%	6.3%	4.8%	10.9%	10.4%	6.6%	4.0%	9.7%	3.8%

(₹ in Lakh)

BALANCE SHEET	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07
Share capital	**885.86**	885.86	835.86	812.75	812.70	812.55	812.39	812.27	812.15	811.99
Resesrves and surplus	**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	1,014.56
Share warrants	**-**	-	77.21							
Networth	**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	1,826.55
Non-current liabilities										
Long-term liabilities and provisions	**338.86**	316.02	515.10	593.29	423.27	312.12	416.54	882.66	773.63	1,997.09
Deferred tax liability	**408.50**	587.27	638.59	562.56	484.26	474.18	415.90	292.66	278.62	410.92
Current liabilities	**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	3,635.07
Total liabilities	**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	7,869.63
Non-current assets										
Gross fixed assets	**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	4,940.87
Accumulated depreciation	**(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)	(1,622.82)
Capital work in progress	**241.82**	41.40	166.17	91.69	119.53	26.25	-	-	13.51	3.29
Unallocated expenditure pending capitalisation	**-**	-	-	-	-	17.48	-	-	-	-
Net fixed assets	**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	3,321.34
Investments	**525.00**	520.00	520.00	520.00	45.00	45.00	147.53	103.16	68.50	63.99
Other non-current assets	**511.46**	329.93	407.87	548.48	828.86	573.54	375.61	182.88	-	-
Current assets	**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	4,484.30
Total assets	**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**	**7,869.63**
Return on capital employed	**16.5%**	14.1%	22.3%	15.4%	32.3%	37.6%	39.8%	24.9%	34.4%	18.7%
Return on networth	**8.7%**	8.6%	16.1%	11.0%	26.2%	27.9%	21.1%	11.9%	25.7%	14.4%
Debt / equity	**0.11**	0.15	0.20	0.24	0.20	0.22	0.30	0.49	0.46	1.32
Current ratio	**1.36**	1.50	1.43	1.36	1.49	1.33	1.26	1.75	1.46	1.23

(₹ in Lakh)

PER SHARE	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07
Book value per share- Rs.	**73.88**	69.89	67.54	59.62	55.98	44.19	34.60	29.63	27.88	22.47
Basic Earnings per share - Rs.	**6.41**	6.10	11.25	6.57	14.69	12.33	7.32	3.52	7.17	3.23
Dividend per share - Rs.	**2.00**	2.00	2.70	2.50	2.50	2.00	2.00	1.50	1.50	1.50
No. of shareholders	**9,085**	8,811	5,895	6,135	6,307	7,306	6,911	8,660	8,855	9,985

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

CORPORATE SOCIAL RESPONSIBILITY

As part of the company's CSR plan, the management identified rural health, education, rural development and education as the key CSR initiatives.

Healthcare of elderly persons continued to be prime focus of our CSR initiatives, while other activities were in Education, Rural development and Benefit of armed forces veterans, war widows and their dependents.

Management of the company derives a sense of satisfaction when the health issues of elderly people in the villages are taken care by the dedicated team of Helpage India every day.

SUCCESS STORIES

Name : Bheemagani Lakshmamma.
W/o : Ettaiah.
Age : 80 Years.
Village : Chinnakandukur.
Diseases : Hypertension, Partially Deaf, Blindness.

Her husband expired 20 years back. She has two daughters and is now living with the elder one. She is unable to work, is partially deaf, has hypertension and got cataract surgery for both the eyes. She is used to go to Registered Medical Practitioners and Public Health Canters but is not satisfied with the treatment. Now she is taking medication in our Mobile Medical Unit (MMU) and is happy.

Name : Ganji Laxmi.
W/o : Srinivas.
Age : 55.
Village : Peddakandukur.
Diseases : Epilepsy, Hypertension.

She is childless. She was married but has been living alone in a rented house. She is suffering from epilepsy and hypertension and cannot afford private doctors. She is taking medication in our MMU and is better. Now she can spend more of her pension amount for maintenance than for medication.

(₹ in Lakh)

CSR SPENDING	
Health care	16.51
Education	4.38
Rural Development	0.99
Benefit of armed forces veterans	2.00
Actual spending	23.88
Required spending	23.82

Management discussion & analysis

1. Macroeconomic review

From January 2015, India started to follow UN System of National Accounting by using Gross Value Added (GVA) at basic prices to calculate economic output. GVA is equal to GDP + product subsidies – production taxes. It is calculated from a larger data of about 5 lakh companies filed with Ministry of Corporate Affairs (MCA21) compared to the earlier data collected from about 2 lakh factories.

As per data released by the Central Statistical Office, GVA growth was static at 7.2% in 2015-16 compared to 7.1% in 2014-15. However, it is comforting to note that in Q4 2015-16 GVA improved by 7.9% compared to 6.7% in Q4 2014-15 and India is reckoned to be one of the growth engines of the global economy.

In Ease of Doing Business, India ranked 130th (out of 189 economies) in 2016, jumping from 134th a year ago. India aims to improve the rank to 100 in the coming years.

Consumer Price Index (CPI) based annual inflation came down to 4.83% in March 2016 from 5.25% a year ago.

India is considered as one of the strongest emerging markets, as can be seen from Indian Rupee recovering against US Dollar quickly in the aftermath of Brexit. This currency strength denotes the Indian economy is growing more from internal demand rather than depending upon export demand.

2. Sectoral review

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

A. Defence explosives

Ranked among top 10 countries in terms of military expenditure and the world's largest importer of defence equipment, India meets about 60% of its requirements from outside the country. Even when defence products are manufactured domestically, there is a large import component of raw material at both the system and sub-system levels.

Military expenditure by countries in 2015
(Source: sipri.org)

Country	$ Bn	% of GDP
USA	596.0	3.9
China	214.8	1.9
Russia	66.4	5.4
UK	55.5	2
India	51.3	2.3
Pakistan	9.5	3.4

Indian defence outlay with 2.3% of GDP is inadequate to meet the requirements of defence forces.

However, in recent times, the country has been trying to reach self-reliance in arming the defence forces adequately.

Following are a few of the developments having positive impact on the company's opportunities in defence explosives.

a) Defence Procurement Policy 2016

+ Introduction of top priority procurement category Buy (Indian–Indigenously Designed, Developed and Manufactured) or 'Buy (Indian – IDDM)'
+ Enhancement of the indigenous content requirement from 30 per cent to 40 per cent under the 'Buy (Indian)' category
+ Introduction of 'Enhanced Performance Parameters' (EPP) to provide an incentive to equipment suppliers products are superior to 'Essential Parameters' (EP) and are expensive
+ Provision of Procurement in Single Bid Situation to continue the procurement process in certain situations
+ Ensured a level playing field between public and private by withdrawal of excise and customs duty exemptions available to PSUs / Ordnance Factory Board (OFB).

b) MTCR / NSG

On 27 June 2016, India joined as 35th member in Missile Technology Control Regime (MTCR) and this membership will enable the country to buy high-end missile technology.

Though Nuclear Suppliers Group (NSG) Plenary meeting in June 2016 concluded without a decision on India's membership in NSG, India is confident of joining NSG in the coming months with the support of majority members.

c) 100% FDI in defence

The Government has dropped the requirement for 'state of the art' technology requirement for FDI up to 100 per cent. This measure will encourage global defence companies to set up manufacturing in India.

d) Testing of MRSAM

On July 1st 2016 the Medium Range Surface to Air Missile (MRSAM) was tested and the missile's reliability was proved for the third time. The missile was fuelled by Premier's in-house-developed propellant. Indian Navy is inducting the MRSAM soon.

e) National defence budget 2016-17

(Rs. in crores)	Estimated	Budgeted expenditure 2016-17	Increase
Revenue expenditure	1,43,236	1,62,759	14%
Capital expenditure	81,400	86,340	6%
Total	**2,24,636**	**2,49,099**	**11%**

The increase in defence budget may have a positive impact on company's business prospects.

B. Commercial explosives

Indian explosives industry is estimated to be ` 40.0 bn. About 70% of its output is consumed by the coal mining industry which primarily consists of Coal India Ltd and its subsidiaries.

The explosives industry has been showing a mixed trend with the dynamics of changing mining activity levels, technological advancements, use of electric and shock tube detonators, etc.

Product	UoM	2010-11	2011-12	2012-13	2013-14	2014-15	CAGR
Cartridge explosives	tons	1,83,533	2,38,193	2,67,275	2,69,999	3,44,146	13%
Site mixed explosives	tons	3,59,943	4,83,828	4,95,946	5,21,419	6,04,234	11%
Booster and PETN	tons	3,573	5,063	5,656	6,186	7,015	14%
Safety Fuse	mn mtr	77	81	77	75	69	-2%
Detonating Fuse	mn mtr	285	371	649	428	457	10%
Detonators	mn pieces	724	970	992	1,032	907	5%

Demand for explosives is driven by activities in mining and infrastructure and important developments in the sectors are:

a) National budget 2016-17 having a bearing on explosives industry

(Rs. in crores)	Estimated expenditure 2015-16	Budgeted expenditure 2016-17	Increase
Ministry of Mines	6,030	6,489	8%
Ministry of Power	66,370	79,884	20%
Ministry of Road Transport and Highways	69,422	1,03,286	49%
Ministry of Rural Development	6,196	7,837	26%
Department of Rural Development	6,161	7,616	24%
Ministry of Urban Development	14,982	16,605	11%
Ministry of Railways	97,493	1,21,000	24%
Total	2,66,654	3,42,717	29%

The above mentioned sectors generate demand for the explosives directly or indirectly and the overall increase of 29% is a positive factor.

b) Amendment to MMDR Act, 1957

Mines and Minerals (Development and Regulation) Act, 1957 was amended to bring about transparency and fairness in the mineral concession regime and also to protect the interest of people affected by mining operations.

+ all grants of mining leases by the State Governments would be through auctions
+ tenure of mineral leases has been increased from the existing 30 years to 50 years (for coal it continues to be 30 years)
+ after the tenure mining leases would be auctioned, not renewed
+ Mining Leases would be deemed to be extended from the date of their last renewal up to 31st March, 2030 (in the captive mines) and till 31st March, 2020 (for the merchant miners) or till the completion of the period of renewal already granted, if any, whichever is later. This will drastically reduce pendency of applications for renewals.

This amendment is expected to help in enhancing mining activities thereby creating demand for explosives.

c) National production of minerals

(million tons)	2014-15	2015-16	Change
Coal	610.21	578.03	-5.3%
Lignite	48.29	39.06	-19.1%
Lime stone	292.81	292.97	0.1%

Coal India Limited, who has produced 409.14 million tons of coal during 2015-16, has set a target of 598.60 million tonnes for 2016-17. This higher target is expected to generate higher demand for explosives.

d) 100% FDI in infrastructure

The Reserve Bank of India notified 100% foreign direct investment (FDI) under automatic route in the construction development sector.

e) REITs and InvITs

The Securities and Exchange Board of India (SEBI) allowed Foreign Portfolio Investors (FPI) to invest in units of real estate investment trusts (REITs) and infrastructure investment trusts (InvITs).

f) Road construction

Government plans to build five more greenfield expressways across the country and to award 100 highway projects under the public-private partnership (PPP).

3. Outlook

Your company has been taking necessary steps to increase its revenues.

Orders for explosives from coal companies have been higher than previously executed amounts. Your company also has been receiving orders/enquiries for export of detonating fuse and other accessories.

Your company is expecting solid propellants opportunities to grow in view of the induction of various missiles into defence.

To cater to the expected higher demand, your company has planned for a capital expenditure of about Rs.3000 lakhs which includes a Greenfield project at a new site and expansions at the current site. Expected to be implemented during 2016-18, these projects would be funded by internal accruals and a term loan of Rs.2300 lakhs already sanctioned.

4. Segment-wise performance

Company's wind power business is no more within the threshold limits of 10% of combined revenue, profit or assets. Hence, the company's primary business is manufacture of 'explosives' 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. 18430.45 lakhs was 24% higher compared to last year's Rs. 14899.45 lakhs. Profit before exceptional items and tax was Rs.1100.30 lakhs which was 44% higher than the amount of Rs.762.23 lakhs in the earlier year.

However, due to the net exceptional expenditure of Rs.269.46 lakkhs, Profit after tax at Rs. 567.51lakhs was only 7% higher than previous year's Rs. 532.05 lakhs.

Financial position:

Particulars (Rs. in lakhs)	31.03.2016	31.03.2015
Equity	885.86	885.86
Reserves	5659.27	5305.00
Net worth	**6545.13**	**6190.86**
Book value per share - Rs.	73.88	69.89
Long term borrowings	31.85	62.50
Debt equity ratio	0.005 : 1	0.010 : 1
Gross block	6358.83	6188.84
Fixed assets turnover ratio	2.90	2.41
Current assets	7745.98	6336.75
Current liabilities	5676.82	4232.30
Current ratio	**1.36**	**1.50**

Reserves have increased with profit for the year net of dividends and tax thereon.

Long term debt has been negligible.

Capex during the year was mainly towards insulation plant as backward integration in making propellant motors, purchase of land, balancing equipment, etc.

During the year current assets have gone up by Rs.1409.23 lakhs and the current liabilities by Rs.1444.52 lakhs. As the entire increase in current assets was met from current liabilities, there has been a decline in the current ratio.

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.

Safety risk	Both raw materials and finished goods are high risk items during production and handling. The company gives utmost priority for the safety of its employees as well as the manufacturing assets.	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. These measures are expected to make the systems function in accordance with safety standards.
Raw material price risk	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 there only few domestic manufacturers.	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 1,152 employees as on 31st March, 2016. 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

Secunderabad
29.07.2016

Dr. A.N.Gupta
Chairman & Managing Director

Directors' report

Dear Members

Your directors are pleased to present the 36th annual report including the audited financial statements of your company for the year ended 31st March, 2016.

1. Financial summary (₹ in lakhs)

Profitability	**Stand-alone 2015-16**	Stand-alone 2014-15	**Consolidated 2015-16***
Sales	18430.45	14899.45	18430.45
Other operating revenue	68.20	49.71	68.20
Other income	46.45	74.04	46.45
Revenue	**18545.10**	**15023.20**	**18545.10**
EBIDTA (before exceptional items)	1807.18	1328.38	1801.99
% to Revenue	10%	9%	10%
Profit before exceptional items and tax	1100.30	762.23	1095.09
% to Revenue	6%	5%	6%
Profit before tax	830.84	762.23	825.63
% to Revenue	4%	5%	4%
Profit after tax	**567.51**	**532.05**	**562.30**
% to Revenue	3%	4%	3%
Share in Profit of associate	-	-	2.78
Profit after tax and share of profit of associate	567.51	532.05	565.08
Diluted EPS (₹)	6.41	6.10	6.38

Appropriations	**Stand-alone 31.03.2016**	Stand-alone 31.03.15	**Consolidated 31.03.2016***
Opening balance of surplus	**3372.52**	**3286.17**	**3372.52**
Depreciation due to revision in estimated useful lives of fixed assets	-	(66.66)	-
Equity accounting of associate	-	-	(4.16)
Profit for the year	567.51	532.05	565.08
Total available for appropriations	**3940.03**	**3751.56**	**3933.44**
Unrealised profit in respect of transactions with associate	-	-	(0.10)
Total available for allocations and appropriations	**3940.03**	**3751.56**	**3933.34**
Dividend	(177.17)	(190.67)	(177.17)
Dividend tax on the above	(36.07)	(38.37)	(36.07)
Transfer to general reserve	(150.00)	(150.00)	(150.00)
Closing balance of surplus	3576.79	3372.52	3570.10

*as the company has prepared consolidated financial statements for the first time, there are no comparable consolidated figures for the previous year

2. State of affairs

Your company's sales grew to ₹18430 lakhs from ₹14899 lakhs, an increase of 24% over previous year.

Gross profit increased by 36% from ₹ 1328 lakhs to ₹1807 lakhs.

Profit before exceptional items and tax was higher by 44% at ₹ 1100 lakhs compared to ₹ 762 lakhs in previous year.

Profit before tax increased by 9% from ₹762 lakhs to ₹ 831 lakhs.

Net profit for the year went up by 7% to ₹568 lakhs from ₹532 lakhs.

Basic EPS has increased to ₹6.41 from ₹6.10 for the previous year.

3. Operations

Production of explosives went up by 33% to 32,014 tonnes from previous year's 24,066 tonnes.

Production of detonators increased to 46.28 million pieces from 42.20 million pieces a year ago, which is an increase of 10%.

Your company increased supply of solid propellants and pyro devices to various public sector establishments, thus enhancing its presence in defence explosives.

Operations & maintenance contracts at Sriharikota and Jagdalpur have been satisfactory.

Windmill generated 8.25 lakh units of power compared to 13.67 lakh units during the previous year, a decline of 40% due to unfavourable wind patterns.

4. Capital expenditure

During the year the company incurred a net capital expenditure of ₹169.99 lakhs including purchase of land, erection of an insulation plant as backward integration in making propellant motors, debottlenecking equipment for augmenting production, etc.

5. Dividend

Your company has paid an interim dividend of ₹2.00 per share (20%) in March, 2016. No final dividend has been recommended by the Board.

6. Share capital and reserves

a) Share capital

Equity share capital stood ₹ 885.86 lakhs as on 31.03.2016, the same amount as the end of previous year.

b) Transfer to general reserve

Your directors propose to transfer an amount of ₹150 lakhs (previous year: ₹150 lakhs) from the current year profit to general reserve.

c) Total reserves as at 31st March, 2016

Total reserves and surplus as on 31st March, 2016 increased to ₹5659 lakhs from last year's ₹ 5305 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. Events after the reporting period

a) Incorporation of PELNEXT DEFENCE SYSTEMS PRIVATE LIMITED as a wholly owned subsidiary

On 15th July 2016 your company has set up a new company by name PELNEXT DEFENCE SYSTEMS PRIVATE LIMITED as a wholly owned subsidiary with the object of manufacturing ammunition and other defence products. Technology tie-up and other business aspects are under study.

b) Delivery of 1000th Akash Missile Booster Grain

On 9th July 2016 your company achieved a mile stone of delivering 1000th Akash Missile Booster Grain to Bharat Dynamics Limited, the only integrator of missiles in the country. The 1000th Booster Grain was ceremonially delivered with flagging off the van by Sri V. Udaya Bhaskar, Chairman and Managing Director of Bharat Dynamics Limited. The Chief Guest, Dr. G. Satish Reddy, the Scientific Advisor to Raksha Mantri in his speech mentioned that the 1000th delivery of booster grain signifies the consistent, sustained and timely production by Premier Explosives Limited. He also applauded the efforts of your company in development of solid propellants for Astra, LRSAM, MRSAM and other missiles.

c) Investment in equity share capital of Premier Wire Products Limited

On 30th June, 2016 Premier Explosives Limited invested an amount of ₹4,75,00,000 in equity share capital of Premier Wire Products Limited (PWPL) taking the total investment to ₹5,20,00,000 or 80% of equity share capital. Your company received an amount of ₹4,75,00,000 towards redemption of preference share capital in PWPL.

d) MoU with BITS Pilani

On 12th May, 2016 your Company has signed a Memorandum of Understanding (MOU) with BITS Pilani, for collaborative and Joint Research and Development activities, especially, pertaining to high energy materials.

9. Associate company and Jointly controlled entity and consolidated financial statements

a) Premier Wire Products Limited (PWPL), an associate 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 2015-16 was ₹916.85 lakhs and profit after tax ₹10.82 lakhs.

As on 31st March, 2016, Premier Explosives Limited held 4,50,000 Equity shares and 47,50,000 Preference shares in PWPL representing 25.71% of equity share capital and 100% of preference share capital.

b) BF Premier Energy Systems Private Limited (BFPES), a jointly controlled entity

BFPES is a joint venture company with Kalyani Strategic Systems Limited and Premier Explosives Limited, each holding 50,000 equity shares or each with 50% shareholding, as on 31st March, 2016.

BFPES has been incorporated to reap the opportunities in defence supplies field 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.

c) Consolidated financial statements

In accordance with Section 129(3) of the Companies Act, 2013, your company, for the first time, has prepared consolidated financial statements of the company, associate company and jointly controlled entity for the year 2015-16. 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

Increasing mining activities by public sector coal companies, expected operations from private coal miners, amended mining regulations, priority of government for construction of roads and irrigation projects and rising export enquiries provide a positive outlook for 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, 2016 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 2015-16 there were 5 Board meetings held on 20th May, 2015, 11th August 2015, 9th November, 2015, 3rd February, 2016 and 9th March, 2016.

D. Board evaluation

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

E. Reappointment of director

Current term of Mr. T.V. Chowdary as Executive Director expired on 30 June, 2016. Being eligible he offered himself for re-appointment as a director.

The Board recommends his reappointment with a change in designation as Deputy Managing Director..

F. Rotation of director

Dr. (Mrs.) Kailash Gupta will retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment. The Board recommends reappointing her as a Director.

G. Resignation of director

Mr. Arun Kapoor, Independent Director has submitted his resignation as Director of the Company with effect from 29th July, 2016 and the same has been accepted by the Board. His services during the term of his office have been appreciated by the Board.

H. 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	For Management team-as approved by Committee of Whole time Directors
Gas, electricity, water, servant, security, gardener and soft furnishing. (Up to 10% of basic salary)	

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.

I. 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

The Independent auditors M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants (Firm's Registration Number: 002283S) have been appointed as Statutory Auditors of the Company at the Annual General Meeting held on 13th of August, 2014 to hold office until the conclusion of the Annual General meeting to be held in the year 2019 subject to ratification of their appointment at every AGM.

Accordingly, the reappointment is placed for ratification by the members at this Annual General Meeting. The Board recommends ratification of their re-appointment.

b) Internal auditors

M/s. M. Venkata Ratnam & Associates, Chartered Accountants were the internal auditors for the year 2015-16 and they being eligible, the Board has re-appointed them for the year 2016-17.

c) Cost auditors

M/s. S. S. Zanwar & Associates, Cost Accountants were cost auditors for 2015-16 and they being eligible, the Board has re-appointed them for the year 2016-17 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 2015-16 and he being eligible, the Board has re-appointed him for the year 2016-17.

13. Independent auditors' report

Independent Auditors' report contains a matter of emphasis that managerial remuneration of the Chairman & Managing Director exceeded the limit prescribed under provisions of the Companies Act, 2013. The company has already applied for the Central Government's approval required in this respect.

14. Ratings

ICRA has maintained the long-term credit rating at '(ICRA) A- (Stable)' and short-term credit rating at '(ICRA)A2+'.

Dun & Bradstreet maintained the rating '4A2 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

A detailed report on corporate governance 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 2015-16 is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ 65.47 lakhs. The Company has already applied for the Central Government's approval required in respect of the aforesaid amount. 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 provide 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 ₹ 23.88 lakhs on CSR activities, against the minimum mandatory amount of ₹ 23.82 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 97 women employees in your company as on 31st March, 2016 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. During the year under review, your company's share price had moved between a maximum of ₹ 495.90 and a minimum of ₹ 224.80. The price closed at ₹ 380.40 on 31st March 2016, an increase of 58% over the price of ₹ 240.80 on 31st March, 2015.

The strength of shareholders has increased from 8,811 on 31.03.2015 to 9,076 on 31.03.2016.

Listing on National Stock Exchange (NSE):

Your company's shares have been listed on National Stock Exchange on June 17, 2016 with the symbol PREMEXPLN

30. Honorary Fellowship to Dr. A.N.Gupta

The Board is pleased to inform you that Dr. A.N.Gupta, Chairman and Managing Director of the company, has been awarded the Honorary Fellowship by the High Energy Materials Society of India (HEMSI), on 11th February, 2016 for his outstanding contributions towards Establishment of Advanced Propellant Processing Technology.

31. Industrial relations

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

32. 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
29.07.2016

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)

No subsidiaries

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

		Name of Associates/Joint Ventures	
		Premier Wire Products Limited (associate)	BF Premier Energy Systems Private Limited (jointly controlled entity)
1	Latest audited Balance Sheet Date	31 March 2016	31 March 2016
2	Shares of Associate / Joint Ventures held by the company on the year end		
	Number of equity shares	4,50,000	50,000
	Amount of Investment in Associates/Joint Venture (₹ in lakhs)	45.00	5.00
	Extent of Holding %	25.71	50.00
3	Description of how there is significant influence	Held 25.71% of equity share capital	Held 50% of equity share capital
4	Reason why the associate / joint venture is not consolidated	Consolidated in Equity Method	Consolidated in Proportionate Consolidation Method
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	169.98	(0.20)
6	Profit / Loss for the year		
	i. Considered in Consolidation	2.78	(5.21)
	ii. Not Considered in Consolidation	-	-

Note:

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

   BF Premier Energy Systems Private Limited (jointly controlled entity)

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:

A. 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 of March, 2016 is 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 10 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	Executive Director	Executive
3	Dr. N.V. Srinivasa Rao	Director (Production)	Executive
4	Mr. Vikram Mahajan	Director (Marketing)	Executive
5	Dr. (Mrs.) Kailash Gupta	Director	Non Executive-Non Independent
6	Mr. Anikumar Mehta	Director	Non Executive-Independent
7	Mr. P.R. Tripathi	Director	Non Executive-Independent
8	Mr. K. Rama Rao	Director	Non Executive-Independent
9	Dr. A. Venkatraman	Director	Non Executive-Independent
10	Mr. Arun Kapoor	Director	Non Executive-Independent

b. Attendance of each director at the Board meetings and the last AGM held on 24th of September, 2015

Name of the Director	No. of Board meetings attended		Last AGM attendance (Yes/No)
	Held during tenure	Attended	
Dr. A.N. Gupta	5	5	Yes
Mr. T.V. Chowdary	5	4	Yes
Dr. N.V. Srinivasa Rao	5	5	Yes
Col. Vikram Mahajan	5	5	Yes
Dr. (Mrs.) Kailash Gupta	5	5	Yes
Mr. P.R. Tripathi	5	5	Yes
Mr. Anilkumar Mehta	5	4	Yes
Mr. K. Rama Rao	5	5	Yes
Dr. A. Venkataraman	5	4	Yes
Mr. Arun Kapoor	5	1	No

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, 2016 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	2	-	-
Mr. T.V. Chowdary	3	-	-
Dr. N.V. Srinivasa Rao	1	-	-
Mr. Vikram Mahajan	2	-	-
Dr. (Mrs.) Kailash Gupta	1	-	-
Mr. Anilkumar Mehta	-	-	-
Mr. P.R. Tripathi	7	5	4
Mr. K. Rama Rao	-	-	-
Dr. A. Venkataraman	-	-	-
Mr. Arun Kapoor	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
Mr. T.V. Chowdary	Premier Wire Products Limited	Director
	Octane Chemicals Private Limited	Director
	BF Premier Energy Systems Private Limited	Director
Dr. N.V. Srinivasa Rao	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
Mr. Arun Kapoor	QCG Power Solutions Private Limited	Director
	Tarz Support Services Private Limited	Director
	Bermaco Integrated Green Power Projects Limited	Director

ii. Positions in Committees of other 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	None	None	None
Col. Vikram Mahajan	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	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
Mr. Arun Kapoor	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 5 times during the Financial Year from 1st of April, 2015 to 31st of March, 2016. The dates on which the meetings were held are as follows:

20th of May, 2015, 11th of August 2015, 09th of November, 2015, 03rd February, 2016 and 09th of March, 2016.

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 are 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 31.03.2016
Dr. (Mrs.) Kailash Gupta	Non Executive & Non Independent Director	10,67,277
Mr. Anilkumar Mehta	Non Executive & Independent Director	4,000
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
Mr. Arun Kapoor	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, 2016.

g. The details of familiarization programmes imparted to independent directors are given below

In every quarter during the year 2015-16-

The Chairman and Managing Director apprises 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 give a presentation on the performance of the Company and the future outlook.

The Chief Financial Officer presents 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 prepares the necessary policies as required by various regulations of SEBI and are circulated to the directors for their comments.

A presentation on the Internal Financial controls was made and queries raised by the directors were answered.

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 -

1. 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.

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

3. Major accounting entries involving estimates based on the exercise of judgment by management.
4. Significant adjustments made in the financial statements arising out of audit findings.
5. Compliance with listing and other legal requirements relating to financial statements.
6. Disclosure of any related party transactions.
7. 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:

1. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32 (1).
2. 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 4 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
Mr. Arun Kapoor	Member

c. Audit Committee meetings and Attendance during the Financial year ended 31st March, 2016.

During the year the Committee held 4 meetings on May 20, 2015, August 11, 2015, November 9, 2015 and February 3, 2016.

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	3
Mr. K. Rama Rao	Member	4	4
Mr. Arun Kapoor	Member	4	1

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 20th of May, 2015, and 11th August, 2015.

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	1
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 was 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 was evaluated by the Independent Directors on the basis of its duties and responsibilities as per terms of reference. The Chairman's performance was 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 2015-16 are given below:

S.No.	Name of the Director	Amount of Sitting fees (₹in lakhs)
1.	Dr. (Mrs.) Kailash Gupta	2.30
2.	Mr. Anilkumar Mehta	2.50
3.	Mr. P.R. Tripathi	1.80
4.	Mr. K. Rama Rao	1.70
5.	Dr. A. Venkatamanan	0.90
6	Mr. Arun Kapoor	0.30

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
Executive directors							
1	Dr. A.N. Gupta	111.28	47.90	21.56	-	-	180.74
2	Mr. T.V. Chowdary	36.03	14.62	7.19	-	-	57.84
3	Dr. N.V. Srinivasa Rao	29.37	13.40	7.19	-	-	49.96
4	Col. Vikram Mahajan	21.45	6.41	7.19	-	-	35.05
	Sub total	**198.13**	**82.33**	**43.13**	**-**	**-**	**323.59**

(ii) A 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.

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.

iii. 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.

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

6. Stakeholders Relationship Committee:

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing Shareholders Grievance Committee as 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 36 complaints from Shareholders and all were redressed to the satisfaction of the shareholders and no complaint was pending as on 31st of March, 2016.

7. General body meetings:

Details of the last three AGMs are as follows:

Year	Date	Venue	Time	No. of special resolutions passed
2012-13	08.08.2013	Surana Udyog Auditorium, FAPCCI,11-6-841, Red Hills, Hyderabad -500004	09.30 a.m.	4
2013-14	13.08.2014		10.00 a.m.	Nil
2014-15	24.09.2015		09.30 a.m.	7

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.	36th AGM, date, time and venue	Date: Friday, September 23, 2016, at Time: 10.30 a.m. Venue: Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad -500 004
b.	Financial Year	April 1, 2015 to March 31, 2016
c.	Dividend payment date	NA
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

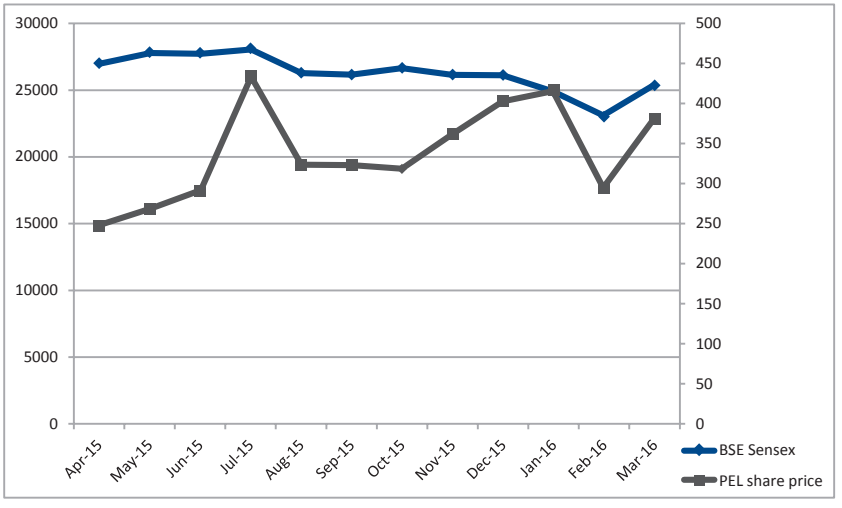
The listing fees for the year 2015-16 has been paid to the above stock exchanges.
Note: The Company has been listed in NSE effective from 17th June, 2016.

e. Market price Data (BSE) High / Low during each month during the year 2015-16

	High	Low
Apr-15	312.00	222.00
May-15	274.80	224.10
Jun-15	299.80	222.00
Jul-15	503.00	280.00
Aug-15	472.00	283.50
Sep-15	349.00	293.10

	High	Low
Oct-15	365.00	311.40
Nov-15	394.00	295.00
Dec-15	459.80	357.80
Jan-16	519.00	366.20
Feb-16	424.80	290.00
Mar-16	388.80	300.0

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



g. The securities have never been suspended for trading; hence reason for suspension is not applicable.

h. Registrar and share transfer agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32
Financial District, Nanakramguda, Serilingampally Mandal
Hyderabad – 500 032.
Phone: 040-67161606
e-mail:einward.ris@karvy.com,srirama.murthy@karvy.com

i. Share transfer system

The Company's shares are under compulsory dematerialization category and the transfer of shares both in physical and Demat form are handled by the Registrar and Transfer Agent-Karvy Computershare Private Limited.

j. Distribution of shareholding as on 31.03.2016

DISTRIBUTION SCHEDULE AS ON 31/03/2016					
S. No.	Range	Cases	% of Cases	Amount (₹)	%
1	upto 1 - 5000	8248	90.79	96,81,430.00	10.93
2	5001 - 10000	427	4.70	34,82,730.00	3.93
3	10001 - 20000	198	2.18	30,07,710.00	3.40
4	20001 - 30000	56	0.62	14,57,720.00	1.65
5	30001 - 40000	31	0.34	11,08,050.00	1.25
6	40001 - 50000	20	0.22	9,14,850.00	1.03
7	50001 - 100000	45	0.50	32,80,110.00	3.70
8	100001 & ABOVE	60	0.66	6,56,53,150.00	74.11
	Total:	**9085**	**100.00**	**8,85,85,750.00**	**100.00**

k. Dematerialization of shares and liquidity

The ISIN No. of the Company is: INE863B01011. As on 31st of March, 2016 the following number of shares are held in Demat and Physical mode-

Mode of holding	No. of Holders	No. of shares	% to Equity
Physical	1,336	2,45,161	2.77
Demat	7749	86,13,414	97.24
Total	9085	88,58,575	100.00

l. There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments as on 31.03.2016.

m. 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.

n. Plant locations

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

o. 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 2015-16 have been at Arm's length basis and reported in Form AOC-2 attached as Annexure-1 to the Board's Report.

b. Capital market compliances

During the last three years, except for levy of a penalty of ₹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: 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 as on 31st March, 2016, does not have any subsidiaries and hence the details relating to the policy on material subsidiaries is not applicable to it.

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 during the year 2015-16

B. 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.

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

D. 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 29th July, 2016.

For and on behalf of the Board of
Premier Explosives Limited

Date:29.07.2016
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, 2016.

For **Premier Explosives Limited**

Date:29.07.2016
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

Particulars	Mr. T.V. Chowdary	Dr. (Mrs.) Kailash Gupta
Date of birth	16.08.1957	30/01/1946
Date of appointment	31.08.2005	27.05.1999
Qualifications	B.Sc. Tech (Petroleum)	M.D. (Obstetrics & Gynaecology)
Expertise in specific function areas	A chemical engineer with over 34 years of experience in production of explosives and solid propellants.	A doctor by profession, and has rich experience in the Industry. As a member of the Corporate Social Responsibility Committee, she is actively involved in promoting community healthcare and philanthropic activities.
Directorships held in other companies	1. Premier Wire Products Limited 2. Octane Chemicals Private Limited. 3. BF Premier Energy Systems Private Limited	Premier Wire Products Limited
Memberships / Chairmanships of Committees of other companies (include only Audit Committee / Investor Grievances Committee)	None	None
No. of shares held in the company as on 31st of March, 2016	25,000	10,67,277
Relationship with other directors	None	Spouse of Dr. A.N. Gupta, Chairman and Managing Director

Annexure-3 to the Directors' Report

Auditors' Certificate regarding compliance of conditions of Corporate Governance

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, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities Exchange Board of India ('Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing regulations, as applicable.

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

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

N. Anka Rao
Partner
Membership No. 23939

Hyderabad
29.07.2016

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, 2016 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, 2016 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 that

   1. there are no significant changes in internal control over financial reporting during the year
   2. there are no significant changes in accounting policies during the year and
   3. we are not aware of any instances of significant fraud that involves management or any employee having significant role in the company's internal control system over financial reporting.

Secunderabad
24.05.2016

Dr. A. N. Gupta
Chairman &
Managing Director

C. Subba Rao
Chief Financial
Officer

Annexure-5 to the Directors' Report

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31-03-2016

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, 2016 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, 2016 ("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 there under;

   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;

      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*

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

      i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (The regulations came into effect from 01st December, 2015)

   vi. The Company is into the business of manufacture and sale of industrial explosives, defence products and generation and sale of wind power. Accordingly, the following Major Industry specific Acts and Rules are applicable to the Company, in view of the Management:

      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 with the applicable clauses of the following

      a. The Listing Agreement entered into by the Company with the Bombay Stock Exchange.

b. Secretarial Standards issued by the institute of Company Secretaries of India.

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 2015-16 is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act 2013 by Rs.65,47,498.00.

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 33rd and 35th Annual General Meetings held on 08th of August, 2013 and 24th of September, 2015 respectively, 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. There were no changes made in the composition of the Board of Directors during the year under review.

   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

Place: Hyderabad
Date: 29.07.2016

K. V. Chalama Reddy
Practising Company Secratary
M. No: 13951, C.P No: 5451

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.

Place : Hyderabad
Date : 29.07.2016

K.V. Chalama Reddy
Practising Company secretary
M.No.13951, C. P No. 5451

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 (₹ in lakhs)	**2015-16**	**2014-15**
	Capital	-	0.17
	Recurring	89.78	73.87
	Total	**89.78**	**74.04**
	R & D expenditure as % of turnover	0.49%	0.50%
	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 (₹ in lakhs)**	**2015-16**	**2014-15**
	Earnings	1656.07	1049.03
	Outgo	877.58	97.75

For and on behalf of the Board

Secunderabad
29.07.2016

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, an associate 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 2015 –March 2016
	d)	Salient terms of the contracts or arrangements or transactions including the value, if any	A. Purchase of GI wire: ₹ 149.16 lakhs B. Job work of PVC plugs: ₹ 2.82 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, 2013 is ₹ 1191.23 lakhs.

4. **CSR expenditure prescribed for 2015-16**

   Minimum amount to be spent on CSR activities for the year 2015-16 as calculated u/s 135(5) of the Companies Act, 2013, being 2% of the average net profit for last 3 years, is ₹ 23.82 lakhs.

5. **Details of CSR spend for 2015-16**

   a) Total amount spent: ₹ 23.88 lakhs

   b) Amount unspent : NIL

   c) Manner the amount has been spent (₹ 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)	16.50	16.51	16.51	Through Helpage India
2	Stipend to research Students	Education	Gulbarga University and Peddakandukur	1.20	1.22	1.22	Through Gulbarga University
3	Support to schools and merit Scholarships	Education	4 villages in Yadagirigutta mandal (nearby the factory)	1.90	1.91	1.91	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
4	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
5	Education to visually challenged students	Education	Nalgonda district, Telangana	0.22	0.25	0.25	Through Development and Welfare Association of the Blind (DWAB)
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
7	Rural development	Rural development	Nalgonda district, Telangana	1.00	0.99	0.99	Directly by company
		Total		**23.82**	**23.88**	**23.88**	

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
29.07.2016

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	Second calendar year (01.01.2015 to 31.12.2015)	From 01.01.2016 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	1
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, 2016

[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 TG 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 (₹ in lakhs)	%
High energy materials	Explosives	318103000	9167.49	49.74
	Detonators, Propellants, etc.	318105000	7415.02	40.23
	Services	33190	1808.86	9.81
	Sub total		**18391.37**	**99.79**
Others	Wind Power	35106	27.79	0.15
	Traded Items		11.29	0.06
	Sub total		**39.08**	**0.21**
	Total		**18430.45**	**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	Associate	25.71% of equity shares and 100% of preference shares	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	41,97,908	-	41,97,908	47.39	42,03,013	-	42,03,013	47.45	0.06
b	Central Govt	-	-	-	-	-	-	-	-	-
c	State Govt	-	-	-	-	-	-	-	-	-
d	Bodies Corporate	-	-	-	-	-	-	-	-	-
e	Bank/FI	-	-	-	-	-	-	-	-	-
f	Others	-	-	-	-	-	-	-	-	-
	Sub total (A)(1)	**41,97,908**	**-**	**41,97,908**	**47.39**	**42,03,013**	**-**	**42,03,013**	**47.45**	**0.06**
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)	**41,97,908**	**-**	**41,97,908**	**47.39**	**42,03,013**	**-**	**42,03,013**	**47.45**	**0.06**
B	**Public**									
1	Institutions									
a	Mutual funds	81,446	1,200	82,646	0.93	5,13,572	1,200	5,14,772	5.81	4.88
b	Banks/FI	1,100	100	1,200	0.01	-	100	100	0.00	-0.01
c	Central govt.	-	-	-	-	-	-	-	-	-
d	State Govt.	-	-	-	-	-	-	-	-	-
e	Venture Capital Fund	-	-	-	-	-	-	-	-	-
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	FIIs	18,269	-	18,269	0.21	32,269	-	32,269	0.36	0.15
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Others	-	-	-	-	-	-	-	-	-
	Sub total (B)(1)	**1,00,815**	**1,300**	**1,02,115**	**1.15**	**5,45,841**	**1,300**	**5,47,141**	**6.18**	**5.03**

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									
	Indian	5,04,854	8,901	5,13,755	5.80	8,22,400	8,901	8,31,301	9.38	3.58
	Foreign	-	-	-	-	-	-	-	-	-
b	Individuals									
	Individual shareholders holding nominal share capital upto ₹1 lakh	19,36,868	2,42,110	21,78,978	24.60	21,31,554	2,34,960	23,66,514	26.71	2.11
	Individual shareholders holding nominal share capital in excess of ₹1 lakh	13,95,098	-	13,95,098	15.75	4,22,647	-	4,22,647	4.77	(10.98)
c	Others									
	NRI's	4,57,976	-	4,57,976	5.17	4,46,715	-	4,46,715	5.04	(0.13)
	Clearing Members	12,745	-	12,745	0.14	25,745	-	25,745	0.29	0.15
	Trusts	-	-	-	-	-	-	-	-	
	NBFC's registered with RBI	-	-	-	-	15,499	-	15,499	0.17	0.17
	Sub total (B)(2)	**43,07,541**	**251,011**	**45,58,552**	**51.46**	**3,86,45,60**	**2,43,861**	**41,08,421**	**46.38**	**(5.10)**
	Total public shareholding (B) = (B)(1) + (B)(2)	**44,08,356**	**2,52,311**	**46,60,667**	**52.61**	**44,10,401**	**2,45,161**	**46,55,562**	**52.55**	**(0.06)**
C	**Shares held by custodians for GDR's & ADR's**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand total (A+B+C)	**86,06,264**	**2,52,311**	**88,58,575**	**100.00**	**86,13,414**	**2,45,161**	**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	27.98	-	24,79,039	27.98	-	-
2	Amarnath Gupta (HUF)	6,56,697	7.41	-	6,56,697	7.41	-	-
3	Kailash Gupta	10,62,172	11.99	-	10,67,277	12.05	-	0.06
	Total	**41,97,908**	**47.39**	**-**	**42,03,013**	**47.45**	**-**	**0.06**

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	27.98	-	-	-	24,79,039	27.98
2	Amarnath Gupta(HUF)	6,56,697	7.41				6,56,697	7.41
3	Kailash Gupta	10,62,172	11.99	04.09.2015	130	Buy	10,62,302	11.99
				11.09.2015	3,121	Buy	10,65,423	12.03
				18.09.2015	1,854	Buy	10,67,277	12.05

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	Shivan T Trivedi	2,14,801	2.42	10.04.2015	(13,000)	Sale	2,01,801	2.28
				17.04.2015	(27,628)	Sale	1,74,173	1.97
				24.04.2015	(8,535)	Sale	1,65,638	1.87
				01.05.2015	(16,882)	Sale	1,48,756	1.68
				08.05.2015	(3,910)	Sale	1,44,846	1.64
				15.05.2015	(8,000)	Sale	1,36,846	1.54
				22.05.2015	(10,000)	Sale	1,26,846	1.43
				26.06.2015	(17,050)	Sale	1,09,796	1.24
				10.07.2015	(49,177)	Sale	60,619	0.68
				24.07.2015	(10,000)	Sale	50,619	0.57
				07.08.2015	(31,854)	Sale	18,765	0.21
				14.08.2015	(2,000)	Sale	16,765	0.19
				18.09.2015	(16,765)	Sale	0	0.00
3	L & T Mutual Fund Trustee Limited-L & T Business Cycle	0	0.00	04.12.2015	47,331	Buy	47,331	0.53
				11.12.2015	94,142	Buy	1,41,473	1.60
				08.01.2016	34,137	Buy	1,75,610	1.98
				15.01.2016	4,368	Buy	1,79,978	2.03
				22.01.2016	15,422	Buy	1,95,400	2.21

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
4	Gandhi Securities & Investment private Limited	132500	1.50	10.07.2015	(7,500)	Sale	1,25,000	1.41
				17.07.2015	7,500	Buy	1,32,500	1.50
				20.11.2015	1,001	Buy	1,33,501	1.51
				27.11.2015	(1,001)	Sale	1,32,500	1.50
				12.02.2016	(3,000)	Sale	1,29,500	1.46
5	Progressive Share Brokers Private Limited	0	0.00	28.08.2015	2,000	Buy	2,000	0.02
				23.10.2015	1,00,000	Buy	1,02,000	1.15
				25.12.2015	(1,00,000)	Sale	2,000	0.02
				08.01.2016	1,00,000	Buy	1,02,000	1.15
				31.03.2016	(392)	Sale	1,01,608	1.15
6	Wallfort Financial Services Limited	25000	0.28	24.04.2015	25,000	Buy	50,000	0.56
				26.06.2015	50,000	Buy	1,00,000	1.13
				10.07.2015	25,000	Buy	1,25,000	1.41
				17.07.2015	25,000	Buy	1,50,000	1.69
				07.08.2015	(25,000)	Sale	1,25,000	1.41
				14.08.2015	(25,000)	Sale	1,00,000	1.13
7	Vijay Kishanlal Kedia	100000	1.13	23.10.2015	(1,00,000)	Sale	0	0.00
				25.12.2015	1,00,000	Buy	1,00,000	1.13
				08.01.2015	(1,00,000)	Sale	0	0.00
8	Shaktiprakash Kailwoo	92,500	1.04	-	-	-	92,500	1.04
9	JMP Securities Private Limited	0	0.00	10.07.2015	33,650	Buy	33,650	0.38
				17.07.2015	68,559	Buy	1,02,209	1.15
				24.07.2015	(10,402)	Sale	91,807	1.04
				31.07.2015	(81,301)	Sale	10,506	0.12
				07.08.2015	(719)	Sale	9,787	0.11
				14.08.2015	(1,293)	Sale	8,494	0.10
				21.08.2015	195	Buy	8,689	0.10
				28.08.2015	(1,858)	Sale	6,831	0.08
				04.09.2015	20,011	Buy	26,842	0.30
				04.09.2015	(555)	Sale	26,287	0.30
				11.09.2015	2,717	Buy	29,004	0.33
				18.09.2015	(1,510)	Sale	27,494	0.31
				25.09.2015	(594)	Sale	26,900	0.30

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
				09.10.2015	(10,290)	Sale	16,610	0.19
				16.10.2015	100	Buy	16,710	0.19
				16.10.2015	(180)	Sale	16,530	0.19
				23.10.2015	2,550	Buy	19,080	0.22
				30.10.2015	2,382	Buy	21,462	0.24
				06.11.2015	370	Buy	21,832	0.25
				13.11.2015	8,285	Buy	30,117	0.34
				13.11.2015	(54)	Sale	30,063	0.34
				20.11.2015	(294)	Sale	29,769	0.34
				27.11.2015	15,987	Buy	45,756	0.52
				04.12.2015	18,019	Buy	63,775	0.72
				11.12.2015	(29,443)	Sale	34,332	0.39
				18.12.2015	10,754	Buy	45,086	0.51
				25.12.2015	1,935	Buy	47,021	0.53
				31.12.2015	46,251	Buy	93,272	1.05
				01.01.2016	(1,177)	Sale	92,095	1.04
				08.01.2016	3,508	Buy	95,603	1.08
				15.01.2016	(1,611)	Sale	93,992	1.06
				22.01.2016	(2,341)	Sale	91,651	1.03
				29.01.2016	(5,563)	Sale	86,088	0.97
				05.02.2016	(6,129)	Sale	79,959	0.90
				12.02.2016	843	Buy	80,802	0.91
				19.02.2016	(12,686)	Sale	68,116	0.77
				26.02.2016	30,000	Buy	98,116	1.11
				26.02.2016	(985)	Sale	97,131	1.10
				04.03.2016	11,530	Buy	1,08,661	1.23
				11.03.2016	(968)	Sale	1,07,693	1.22
				18.03.2016	(2,081)	Sale	1,05,612	1.19
				25.03.2016	1,906	Buy	1,07,518	1.21
				31.03.2016	(16,018)	Sale	91,500	1.03
10	Dolly Khanna	85174	0.96	10.04.2015	(1,000)	Sale	84,174	0.95
				17.04.2015	(1,000)	Sale	83,174	0.94
				08.05.2015	(1,000)	Sale	82,174	0.93

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
				12.06.2015	(1,000)	Sale	81,174	0.92
				19.06.2015	(500)	Sale	80,674	0.91
				26.06.2015	(1,000)	Sale	79,674	0.90
				03.07.2015	(1,000)	Sale	78,674	0.89
				17.07.2015	(3,000)	Sale	75,674	0.85
				31.07.2015	(2,000)	Sale	73,674	0.83
				07.08.2015	(1,466)	Sale	72,208	0.82
				14.08.2015	(1,000)	Sale	71,208	0.80
				28.08.2015	(500)	Sale	70,708	0.80
				04.09.2015	(1,000)	Sale	69,708	0.79
				11.09.2015	(750)	Sale	68,958	0.78
				25.09.2015	(500)	Sale	68,458	0.77
				30.09.2015	(1,000)	Sale	67,458	0.76
				16.10.2015	(1,000)	Sale	66,458	0.75
				23.10.2015	(500)	Sale	65,958	0.74
				30.10.2015	(500)	Sale	65,458	0.69
				06.11.2015	(4,250)	Sale	61,208	0.67
				13.11.2015	(1,500)	Sale	59,708	0.66
				20.11.2015	(1,500)	Sale	58,208	0.65
				27.11.2015	(500)	Sale	57,708	0.64
				22.01.2016	(1,000)	Sale	56,708	0.64
				29.01.2016	(450)	Sale	56,258	0.64
				12.02.2016	(3,500)	Sale	52,758	0.60
				19.02.2016	(2,000)	Sale	50,758	0.57
				26.02.2016	(500)	Sale	50,258	0.57
				11.03.2016	(1,000)	Sale	49,258	0.56
				18.03.2016	(1,250)	Sale	48,008	0.54
				31.03.2016	(2,310)	Sale	45,698	0.52

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	27.98	-	-	-	24,79,039	27.98
2	Kailash Gupta	10,62,172	11.99	04.09.2015	130	Buy	10,62,302	11.99
				11.09.2015	3,121	Buy	10,65,423	12.03
				18.09.2015	1,854	Buy	10,67,277	12.05
3	T.V. Chowdary	25,000	0.28	-	-	-	25,000	0.28
4	N.V. Srinivasa Rao	7,550	0.09	-	-	-	7,550	0.09
5	Vikram Mahajan	25,163	0.28	18.11.2015	500	Buy	25,663	0.29
				15.03.2016	300	Buy	25,963	0.29
6	AnilKumar Mehta	4,000	0.05	-	-	-	4,000	0.05
7	P.R. Tripathi	-	-	-	-	-	-	-
8	A. Venkataraman	-	-	-	-	-	-	-
9	K. Rama Rao	-	-	-	-	-	-	-
10	Arun Kapoor	-	-	-	-	-	-	-
KMP								
11	C. Subba Rao (CFO)	2,000	0.02	-	-	-	2,000	0.02
12	K. Vijayashree (Company Secretary)	-	-	-	-	-	-	-

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

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
At beginning of the financial year				
i) Principal Amount	1127.02	867.30	0.00	1994.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	29.95	0.00	29.95
Total (i + ii + iii)	**1127.02**	**897.25**	**0.00**	**2024.27**
Change during the financial year				
Addition	391.01	394.61	-	785.62
(Reduction)	-	(465.09)	0.00	(465.09)
Net Change	**391.01**	**(70.48)**	**0.00**	**320.53**

At end of the financial year				
i) Principal Amount	1518.03	772.79	-	2290.82
ii) Interest due but not paid	-	53.98	-	53.98
iii) Interest accrued but not due	-	-	-	-
Total (i +ii + iii)	**1518.03**	**826.77**	**-**	**2344.80**

VI Remuneration of directors and key managerial personnel

A. Remuneration to MD and WTD (₹ in lakhs)

No.	Remuneration	A.N. Gupta (CMD)	T.V. Chowdary (Executive Director)	N.V. Srinivasa Rao (Director Production)	Vikram Mahajan (Director Marketing)	Total
1	**Gross salary as per provisions of the Income Tax Act, 1961**					
	Salary u/s 17(1)	150.62	47.88	40.51	26.21	265.22
	Perquisites u/s 17(2)	8.56	2.77	2.26	1.65	15.24
	Profits in lieu of salary u/s 17(3)	-	-	-	-	-
2	**Stock option**	-	-	-	-	-
3	**Sweat equity**	-	-	-	-	-
4	**Commission**					
	as % of profit	21.56	7.19	7.19	7.19	43.13
	others	-	-	-	-	-
5	**Others**	-	-	-	-	-
	Total	**180.74**	**57.84**	**49.96**	**35.05**	**323.59**
	Ceiling as per the Act					389.06

B. Remuneration to other directors (₹ in lakhs)

No.	Remuneration	Anil Kumar Mehta	P.R. Tripathi	A. Venkata raman	K. Rama Rao	Arun Kapoor	Kailash Gupta	Total
1	**Independent directors**							
	Fee for attending Board / Committee meetings	2.50	1.80	0.90	1.70	0.30	-	7.20
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (1)	**2.50**	**1.80**	**0.90**	**1.70**	**0.30**	**-**	**7.20**

2	**Other non-executive directors**							
	Fee for attending Board / Committee meetings	-	-	-	-	-	2.30	2.30
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**2.30**
	Total (1+2)	**2.50**	**1.80**	**0.90**	**1.70**	**0.30**	**2.30**	**9.50**

Total managerial remuneration: ₹333.09 lakhs

Overall ceiling as per the Act: ₹398.56 lakhs

C. Remuneration to KMP other than MD and WTD (₹ 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)	27.21	6.79	34.00
	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**	-	-	-
	Total	**27.21**	**6.79**	**34.00**

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**					
	Penalty					
	Punishment			None		
	Compounding					
2	**Directors**					
	Penalty					
	Punishment			None		
	Compounding					
3	**Other officers**					
	Penalty					
	Punishment			None		
	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 (₹ in lakhs)		Increase (₹ in lakhs)	Increase %	Ratio to median remuneration of employees
			2015-16	2014-15			
1	A.N. Gupta	CMD	180.74	133.67	47.07	35	79.62
2	T.V. Chowdary	Executive Director	57.84	47.27	10.57	22	25.48
3	N.V. Srinivasa Rao	Director Production	49.96	36.54	13.42	37	22.01
4	Vikram Mahajan (from 6.11.2014)	Director - Marketing	35.05	11.25*	23.80	211	15.44
	K. Chalil (till 30.09.2014)		-	31.46	(31.46)	(100)	-
5	C. Subba Rao	CFO (KMP)	27.21	24.25	2.96	12	11.98
6	K. Vijayasree	CS (KMP)	6.79	-	6.79	100	2.99
	Avinash Kumar Singh (till 20.03.2015)	-		7.83	(7.83)	(100)	-
	Total		**357.59**	**292.27**	**65.32**	**22**	**-**

2. Median remuneration of the employees was ₹ 2.27 lakhs during the year 2015-16 and ₹ 2.16 lakhs during the year 2014-15.
3. Median remuneration of employees during the year 2015-16 has increased by 5% compared to 2014-15.
4. Number of permanent employees on the rolls of the company as on 31.03.2016 was 1,152 (1,173 as on 31.03.2015).
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 ₹ 102 lakhs per annum or ₹ 8.5 lakhs per month during the year 2015-16

No.	Employee name	Designation	Remuneration (₹ in lakhs)	Nature of employment - contractual or otherwise	Qualification, Date of joining, Experience and Age	Last employment and designation	% of equity shares held at year end	Relationship to any other director
1	A.N. Gupta	Chairman and Managing Director	180.74	Contractual	M.Sc., D.Sc., 14.02.1980 49 years 71 years	I.E.L. Limited, Area Sales Manager	12.95	Dr. (Mrs.) Kailash Gupta is his wife
2	T.V. Chowdary	Executive Director	57.84	Contractual	B.Sc. (Tech) & (Petroleum) 25.05.1989 34 years 59 years	STP Limited Production Manager	0.28	None
3	N.V. Srinivasa Rao	Director Production	49.96	Contractual	M.Sc., Ph.D. 06.08.1997 32 years 60 years	Pennar Chemicals Plant Manager	0.09	None
4	Vikram Mahajan	Director Marketing	35.05	Contractual	M.Tech., MBA 25.05.2012 35 years 60 years	Indocopters Pvt Ltd Sr Vice President	0.29	None
5	C. Subba Rao	CFO	27.21	Permanent	FCA 26.02.2010 29 years 55 years	GMR Foundation Head of Finance	0.02	None
6	Y. Durga Prasada Rao	President Production	18.88	Permanent	B.E. Mechanical 01.07.1989 31 years 53 years	Rohini Refractories Ltd Mechanical Engineer	-	None
7	Y. Krishna Rao	Vice President Accounts	18.87	Permanent	M.Com. 03.09.1986 35 years 65 years	A.P.Rayons Ltd Accounts Officer	-	None
8	D. Surya Chandra Prakash	GM Quality Control	14.23	Permanent	AMIE (Chem), M.Tech (QM 23.02.2012 28 years 49 years	ISRO-SHAR Centre Engineer "SE"	-	None
9	P. Ravinder Rao	GM Marketing	13.52	Permanent	Diploma Mining Engg PGDBM 29.08.1992 24 years 48 years	-	-	None

No.	Employee name	Designation	Remuneration (₹ in lakhs)	Nature of employment - contractual or otherwise	Qualification, Date of joining, Experience and Age	Last employment and designation	% of equity shares held at year end	Relationship to any other director
10	Ch.Jagadish Kumar	DGM Production	13.31	Permanent	B.E. M.P. & I 29.08.2014 17 years 41 years	Mahindra Defence Systems Manager (Projects)	-	None

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, 2016, 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 judgement, 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, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 29.2.7 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, 2016 is in excess of the limits laid down under Section 197 read with Schedule V of the Act by Rs.65.47 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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, 2016;

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, 2016.

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

N. ANKA RAO
Partner
Membership Number: 23939

HYDERABAD
24.05.2016

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, 2016 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 income tax, service tax, duty of customs, duty of excise and value added tax which has not been deposited on account of dispute as on 31st March, 2016, except central sales tax the details of which are as given below:

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

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. 65.47 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

N. ANKA RAO
Partner
Membership Number: 23939

HYDERABAD
24.05.2016

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, 2016 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 judgement, 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, 2016, 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

N. ANKA RAO
Partner
Membership Number: 23939

HYDERABAD
24.05.2016

Balance Sheet as at 31st March, 2016

(₹ in lakhs)

Particulars	Note no.	As at 31st March, 2016	As at 31st March, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	1	**885.86**	885.86
Reserves and surplus	2	**5,659.27**	5,305.00
		6,545.13	6,190.86
Non-current liabilities			
Long-term borrowings	3	**31.85**	62.50
Deferred tax liabilities (net)	4	**408.50**	587.27
Other long-term liabilities	5	**73.35**	75.97
Long-term provisions	6	**233.66**	177.55
		747.36	903.29
Current liabilities			
Short-term borrowings	7	**2,177.36**	1,781.82
Trade payables:			
Total outstanding dues of micro enterprises and small enterprises (Refer note no.29.2.9)		**17.31**	8.16
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,169.62**	806.15
Other current liabilities	8	**2,055.01**	1,276.32
Short-term provisions	9	**257.52**	359.85
		5,676.82	4,232.30
Total		**12,969.31**	**11,326.45**
Assets			
Non-current assets			
Fixed assets	10		
Tangible assets		**3,942.11**	4,094.23
Intangible assets		**2.94**	4.14
		3,945.05	4,098.37
Capital work in progress		**241.82**	41.40
		4,186.87	4,139.77
Non-current investments	11	**525.00**	520.00
Long-term loans and advances	12	**336.13**	168.55
Other non-current assets	13	**175.33**	161.38
		5,223.33	4,989.70
Current assets			
Inventories	14	**2,232.61**	2,414.33
Trade receivables	15	**4,237.24**	3,336.08
Cash and bank balances	16	**664.77**	253.00
Short-term loans and advances	17	**549.33**	313.57
Other current assets	18	**62.03**	19.77
		7,745.98	6,336.75
Total		**12,969.31**	11,326.45
Summary of significant accounting policies and other explanatory information	29		

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

N. Anka Rao
Partner
Membership Number: 23939

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in lakhs)

Particulars	Note no.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue			
Revenue from operations			
Sale of products		**18,370.07**	14,613.07
Sale of traded goods		**38.01**	150.99
Sale of services	19	**1,808.86**	1,576.28
Other operating revenues	20	**68.20**	49.71
		20,285.14	16,390.05
Less: Excise duty		**1,786.49**	1,440.89
		18,498.65	14,949.16
Other income	21	**46.45**	74.04
Total revenue		**18,545.10**	15,023.20
Expenses			
Cost of raw materials consumed	22	**9,688.80**	8,127.21
Purchase of stock in trade		**34.49**	123.72
Changes in inventories of finished goods, work-in-progress and scrap	23	**418.48**	(289.86)
Employee benefits expense	24	**4,026.90**	3,557.53
Finance costs	25	**374.49**	236.08
Research and development expenses	26	**89.78**	73.87
Depreciation (net) and amortisation expense	10	**332.39**	330.07
Other expenses	27	**2,479.47**	2,102.35
Total expenses		**17,444.80**	14,260.97
Profit before exceptional items and tax		**1,100.30**	762.23
Exceptional items (net)	28	**269.46**	-
Profit before tax		**830.84**	762.23
Tax expense			
Current tax		**445.00**	255.00
Deferred tax		**(178.77)**	(16.04)
Income tax adjustments		**(2.90)**	(8.78)
		263.33	230.18
Profit after tax		**567.51**	532.05
Earnings per equity share			
(Face value: ₹10/- per share)			
Basic - ₹		**6.41**	6.10
Diluted - ₹		**6.41**	6.10
Summary of significant accounting policies and other explanatory information	29		

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

N. Anka Rao
Partner
Membership Number: 23939

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Cash flow statement for the year ended 31st March, 2016

(₹ in lakhs)

	Particulars		For the year ended 31st March, 2016	For the year ended 31st March, 2015
A	**Net cash flow from operating activities**			
	Net profit before exceptional items and tax		**1,100.30**	762.23
	Adjustments for			
	Depreciation		**332.39**	330.07
	Interest expense		**251.68**	193.69
	Interest income		**(30.39)**	(26.87)
	Provision for liabilities no longer required, written back		**(3.82)**	(4.15)
	Dividend on non-current investment		**-**	(13.03)
	Book deficit on assets discarded		**3.94**	2.92
	(Profit)/Loss on sale of assets (net)		**(100.10)**	1.01
	Unrealised foreign exchange gain(net)		**(7.23)**	(1.19)
	Operating profit before working capital changes		**1,546.77**	1,244.68
	Adjustments for			
	(Increase)/decrease in inventories		**181.72**	(576.17)
	(Increase) in trade receivables		**(901.74)**	(385.38)
	(Increase)/decrease in long-term loans and advances		**(42.05)**	22.40
	(Increase)/decrease in other non-current assets		**(47.40)**	32.97
	(Increase)/decrease in short-term loans and advances		**(235.76)**	45.72
	(Increase)/decrease in other current assets		**(40.04)**	92.31
	Increase in trade payables		**377.98**	2.44
	Increase/(decrease) in other current liabilities		**742.99**	(468.18)
	Increase in short-term provisions		**1.68**	3.31
	Increase in long-term provisions		**56.11**	52.75
	(Decrease) in other long-term liabilities		**(2.62)**	-
	Cash generated from operations		**1,637.64**	66.85
	Income tax paid		**(342.03)**	(257.15)
	Net cash generated from operations before exceptional items		**1,295.61**	(190.30)
	Exceptional items (net)		**(269.46)**	-
	Total	A	**1,026.15**	(190.30)
B	**Cash flow from investing activities**			
	Capital expenditure		**(514.59)**	(331.43)
	Proceeds from disposal of fixed assets		**115.27**	4.92
	Investments in bank deposits (original maturity of more than three months) (net)		**(36.05)**	(53.23)
	Interest received		**26.22**	26.21
	Investment in joint venture		**(5.00)**	-
	Dividend income on non-current investment		**-**	13.03
	Total	B	**(414.15)**	(340.50)

Cash flow statement for the year ended 31st March, 2016 (Continued)

(₹ in lakhs)

	Particulars		For the year ended 31st March, 2016	For the year ended 31st March, 2015
C	**Cash flow from financing activities**			
	Proceeds/(repayment) of long-term borrowings (net)		**(30.65)**	(223.82)
	Increase in short-term borrowings		**395.54**	1,044.00
	Proceeds from issue of share capital including securities premium		**-**	231.64
	Interest paid		**(217.56)**	(238.44)
	Dividend and dividend tax paid		**(417.81)**	(279.83)
	Total	C	**(270.48)**	533.55
D	**Exchange difference on translation of foreign currency cash and cash equivalents**	D	**(1.92)**	(0.13)
E	**Cash and cash equivalents at the end of the year**			
	Net increase in cash and cash equivalents	A+B+C+D	**339.60**	2.62
	Cash and cash equivalents at the beginning of the year		**27.50**	24.88
	Total	E	**367.10**	27.50

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.

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

For and on behalf of the Board

N. Anka Rao
Partner
Membership Number: 23939

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
1	**Share capital**		
	Authorised		
	1,00,00,000 (Previous year: 1,00,00,000) Equity shares of ₹10/- each	**1,000.00**	1,000.00
	Issued		
	88,58,575 (Previous year: 88,58,575) Equity shares of ₹ 10/- each	**885.86**	885.86
	Subscribed and paid up		
	88,58,575 (Previous year: 88,58,575) Equity shares of ₹ 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**	83,58,575	835.86
Add: Equity Shares issued during the year	-	-	5,00,000	50.00
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 31.03.2016 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	**24,79,039**	**27.99%**	24,79,039	27.99%
Dr. (Mrs.) Kailash Gupta	**10,67,277**	**12.05%**	10,62,172	11.99%
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 ₹ 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.

During the year ended 31st March 2016, the amount of dividend recognised as distributions to equity shareholders was ₹ 2.00 per share (2014-15: ₹ 2.00 per share).

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

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
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**	292.93
	Add: Premium received on allotment of equity shares	**-**	258.85
		551.78	551.78
	General reserve		
	As per last account	**1,350.00**	1,200.00
	Add: Amount transferred from statement of profit and loss	**150.00**	150.00
		1,500.00	1,350.00
	Balance in statement of profit and loss (Surplus)		
	As per last account	**3,372.52**	3,286.17
	Less: Depreciation on fixed assets due to revision in estimated useful lives (net of deferred tax of ₹35.28 lakhs)	**-**	66.66
		3,372.52	3,219.51
	Add: Profit for the year as per statement of profit and loss	**567.51**	532.05
	Total available for allocations and appropriations	**3,940.03**	3,751.56
	Less: Allocations and appropriations		
	Interim dividend	**177.17**	-
	Proposed dividend	**-**	177.17
	Dividend for earlier year	**-**	13.50
	Dividend tax	**36.07**	38.37
	Transferred to General reserve	**150.00**	150.00
	Profit carried forward to next year	**3,576.79**	3,372.52
		5,659.27	5,305.00

Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
3	**Long term borrowings**		
	Unsecured		
	Term loan from Yes Bank Limited	**62.50**	212.50
	Less: Current maturities of long-term debt	**62.50**	150.00
		-	62.50
	Personal guarantee of two directors of the company		
	Original amount of Loan: ₹ 300 lakhs		
	Repayment: 24 monthly installments of ₹ 12.50 lakhs each (September, 2014 to August, 2016)		
	Period of maturity from balance sheet date: 5 months		
	Interest rate: Base rate (10.25% as on 31st March, 2016) + 1.45% p.a.		
	Term loan from HDFC Bank Limited	**50.96**	-
	Less: Current maturities of long-term debt	**19.11**	-
		31.85	-
	Repayment: 8 equal quarterly installments of ₹ 6.37 lakhs each (September, 2016 to June, 2018)		
	Interest rate: 11.20% p.a. as on 31st March, 2016		
	There is no continuing default as on the balance sheet date in repayment of loan and interest amounts		
		31.85	62.50
4	**Deferred tax liabilities (net)**		
	Balance at the beginning of the year	**587.27**	638.59
	Adjustment for the current year	**(178.77)**	(16.04)
	Deferred tax adjusted against retained earnings	**-**	(35.28)
	(Refer note no.29.2.15)		
		408.50	587.27
5	**Other long term liabilities**		
	Deposits from dealers and others	**73.35**	75.97
		73.35	75.97
6	**Long term provisions**		
	Provision for employee benefits	**233.66**	177.55
		233.66	177.55

Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
7	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Working capital loans from banks	**1,518.03**	1,127.02
	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 @ 10.85% to 11.60% 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**	395.18
	Personal guarantee of two directors of the company		
	Above loans carry interest @ 11.25% to 11.75% p.a.		
	Loans from related parties	**509.37**	259.62
	(Refer note no.29.2.12)		
	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		
		2,177.36	1,781.82
8	**Other current liabilities**		
	Current maturities of long-term debt		-
	Loan from banks	**81.61**	150.00
	Interest accrued but not due on borrowings	**53.97**	29.95
	Advances from customers	**590.44**	32.19
	Unclaimed dividend	**20.38**	19.66
	(There is no amount due and outstanding to be credited to investor education and protection fund)		
	Other payables		
	Statutory liabilities	**250.03**	295.40
	Creditors for capital works	**39.79**	22.93
	Employee benefits payable	**435.17**	302.96
	Others	**583.62**	423.23
		2,055.01	1,276.32

Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
9	**Short term provisions**		
	Employees benefits	**33.27**	31.59
	Interim dividend payable	**8.67**	-
	Proposed dividend	**-**	177.17
	Corporate dividend tax	**-**	36.07
	Wealth tax	**-**	0.45
	Income tax (net of prepaid taxes)	**198.93**	108.02
	Interest on income tax	**16.65**	6.55
		257.52	359.85

Notes to Balance sheet

10. Fixed assets

(₹ in lakhs)

Description of assets	Gross block				Depreciation / Amortisation					Net block	
	Cost as at 01.04.2015	Addi-tions during the year	Deduc-tions during the year	Total cost as at 31.03.2016	Up to 31.03.2015	Adjusted against Retained earnings as at 01.04.2015	For the year	On deduc-tions	Total up to 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible assets											
Own assets											
Freehold land	397.52	38.22	3.33	**432.41**	-	-	-	-	**-**	**432.41**	397.52
Roads and buildings	1,513.12	14.05	-	**1,527.17**	366.19	-	58.04	-	**424.23**	**1,102.94**	1,146.93
Plant and equipment	3,803.28	106.12	19.47	**3,889.93**	1,484.02	-	230.46	4.38	**1,710.10**	**2,179.83**	2,319.26
Research and development equipment	136.61	-	-	**136.61**	48.93	-	9.49	-	**58.42**	**78.19**	87.68
Data processing equipment	56.57	6.88	0.12	**63.33**	50.14	-	3.38	0.12	**53.40**	**9.93**	6.43
Office equipment	65.86	3.22	5.18	**63.90**	38.95	-	11.79	4.49	**46.25**	**17.65**	26.91
Furniture and fittings	68.80	4.69	0.09	**73.40**	32.24	-	5.19	0.09	**37.34**	**36.06**	36.56
Vehicles	115.76	8.00	-	**123.76**	44.67	-	12.69	-	**57.36**	**66.40**	71.09
Leased assets											
Leasehold land	2.19	17.00	-	**19.19**	0.34	-	0.15	-	**0.49**	**18.70**	1.85
Total tangible assets	6,159.71	198.18	28.19	**6,329.70**	2,065.48	-	331.19	9.08	**2,387.59**	**3,942.11**	4,094.23
B. Intangible assets											
Own assets											
ERP licence fee	8.32	-	-	**8.32**	8.32	-	-	-	**8.32**	**-**	-
Software	20.81	-	-	**20.81**	16.67	-	1.20	-	**17.87**	**2.94**	4.14
Total intangible assets	29.13	-	-	**29.13**	24.99	-	1.20	-	**26.19**	**2.94**	4.14
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
Previous year total	5,790.31	424.59	26.06	**6,188.84**	1,675.68	101.94	330.07	17.22	**2,090.47**	**4,098.37**	4,114.63
C. Capital Work-in progress	41.40	259.79	59.37	**241.82**	-	-	-	-	**-**	**241.82**	41.40

Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
11	**Non-current investments**		
	(Long term investments, non-trade, unquoted, fully paid up)		
	(At cost less provision for other than temporary diminution in value, if any)		
	Investments in equity shares		
	Investment in associate company		
	4,50,000 (Previous year: 4,50,000) Equity shares of ₹ 10/- each in Premier Wire Products Limited	**45.00**	45.00
	Investment in joint venture		
	50,000 (Previous year: Nil) Equity shares of ₹ 10/- each in BF Premier Energy Systems Private Limited	**5.00**	-
	Investments in preference shares		
	Investment in associate company		
	47,50,000 (Previous year: 47,50,000) 11% redeemable, non-convertible & cumulative Preference shares of ₹10/- each in Premier Wire Products Limited	**475.00**	475.00
		525.00	520.00
	Aggregate amount of unquoted investments	**525.00**	520.00
	Aggregate provision for diminution in value of investments	**-**	-
12	**Long term loans and advances**		
	(Unsecured, considered good)		
	Capital advances	**166.81**	31.67
	Security deposits	**165.86**	125.53
	Loans and advances to staff	**2.50**	0.78
	Prepaid taxes (net of provision)	**0.96**	10.57
		336.13	168.55
13	**Other non-current assets**		
	(Unsecured, considered good)		
	Long term trade receivables	**37.23**	53.69
	Long term prepaid expenses	**80.87**	17.01
	Bank deposits with original maturity of more than 12 months	**50.00**	85.40
	Interest accrued on deposits with banks	**7.23**	5.28
		175.33	161.38
14	**Inventories**		
	(Valued at lower of cost and net realisable value, except the scrap which is valued at net realisable value)		
	Raw materials	**1,170.93**	936.13
	(including stock in transit of ₹ 17.94 lakhs, Previous year: ₹ 7.49 lakhs)		
	Work-in-progress	**351.68**	417.51
	Finished goods	**175.83**	580.66
	Stores and spares	**525.93**	468.62
	Scrap	**8.24**	11.41
		2,232.61	2,414.33

Notes to Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016	As at 31st March, 2015
15	**Trade receivables**		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they became due for payment	**828.94**	432.66
	Others	**3,408.30**	2,903.42
		4,237.24	3,336.08
16	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	**6.49**	4.99
	Balances with banks		
	Current accounts	**360.60**	22.50
	Cash credit account	**0.01**	0.01
		367.10	27.50
	Other bank balances		
	Unpaid dividend	**20.38**	19.66
	Bank deposits with banks held as margin money and as security against bank guarantees	**277.29**	205.84
		297.67	225.50
		664.77	253.00
17	**Short term loans and advances**		
	(Unsecured, considered good)		
	Advances to suppliers	**240.03**	101.00
	Balances with central excise	**104.90**	-
	Prepaid expenses	**124.68**	143.99
	Loans and advances to staff	**2.29**	1.96
	Others	**77.43**	66.62
		549.33	313.57
18	**Other current assets**		
	Interest accrued on deposits	**11.44**	9.22
	Insurance claims receivable	**-**	5.00
	Export incentives receivable	**17.14**	5.07
	Unbilled revenue	**33.45**	0.48
		62.03	19.77

Notes to Statement of Profit and Loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
19	**Sale of services**		
	Operations and maintenance services	**1,600.59**	1,486.25
	Job work and other services	**141.71**	90.03
	Royalty and technology transfer fees	**66.56**	-
		1,808.86	1,576.28
20	**Other operating revenues**		
	Sale of scrap arising out of manufacturing process	**44.11**	32.39
	Export incentives	**24.09**	17.32
		68.20	49.71
21	**Other income**		
	Interest income	**30.39**	26.87
	Dividend income on non-current investment	**-**	13.03
	Net gain on foreign currency transactions and translations	**-**	2.20
	Provision for liabilities no longer required, written back	**3.82**	4.15
	Prior year income (net of expenditure of ₹ 0.31 lakhs)	**-**	25.78
	Other non-operating income	**12.24**	2.01
		46.45	74.04
22	**Cost of raw materials consumed**		
	Opening stock	**936.13**	817.53
	Add: Purchases	**9,923.60**	8,245.81
		10,859.73	9,063.34
	Less: Closing stock	**1,170.93**	936.13
		9,688.80	8,127.21
23	**Changes in inventories of finished goods, work-in-progress and scrap**		
	Finished goods		
	Closing stock	**175.83**	580.66
	Opening stock	**580.66**	377.63
		404.83	(203.03)
	Excise duty adjustment		
	Excise duty on closing stock	**20.79**	76.14
	Excise duty on opening stock	**76.14**	42.00
	Excise duty adjustment on finished goods	**(55.35)**	34.14
	Work-in-progress		
	Closing stock	**351.68**	417.51
	Opening stock	**417.51**	304.19
		65.83	(113.32)
	Scrap		
	Closing stock	**8.24**	11.41
	Opening stock	**11.41**	3.76
		3.17	(7.65)
		418.48	(289.86)

Notes to Statement of Profit and Loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
24	**Employee benefits expense**		
	Salaries, wages, bonus and other benefits	**3,526.27**	3,134.56
	Contribution to provident fund and other funds	**326.01**	273.81
	Contribution to ESI	**8.14**	12.32
	Staff welfare expenses	**166.48**	136.84
		4,026.90	3,557.53
25	**Finance costs**		
	Interest expense	**251.68**	193.69
	Other borrowing costs	**122.81**	42.39
		374.49	236.08
26	**Research and development expenses**		
	Material consumed	**3.85**	4.74
	Salaries, wages, bonus and other benefits	**80.18**	62.62
	Contribution to provident fund and other funds	**5.75**	6.10
	Contribution to ESI	**-**	0.41
		89.78	73.87
27	**Other expenses**		
	Consumption of stores and spare parts	**46.01**	41.30
	Consumption of packing materials	**428.12**	457.60
	Power and fuel	**172.34**	166.03
	Rent	**14.27**	12.22
	Repairs to buildings	**28.20**	84.08
	Repairs to machinery	**306.74**	219.51
	Repairs to other assets	**166.98**	147.75
	Insurance	**84.97**	34.55
	Rates and taxes, excluding taxes on income	**70.25**	38.02
	Directors sitting fees	**9.50**	9.75
	Payments to auditors		
	as auditors	**6.50**	5.50
	for tax audit	**3.50**	3.00
	for income tax matters	**1.00**	1.00
	for quarterly reviews	**5.25**	4.80
	for certification	**2.45**	3.70
	for expenses	**1.42**	1.31

Notes to Statement of Profit and Loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
	Printing and stationery	**20.38**	17.62
	Communication expenses	**23.90**	22.43
	Vehicle maintenance	**22.26**	20.59
	Travelling and conveyance	**246.91**	226.80
	Professional charges	**79.83**	46.58
	Technical know how fees	**0.50**	15.69
	Advertisement	**6.25**	1.71
	Sales commission	**177.50**	118.90
	Sales promotion expenses	**3.72**	11.37
	Other selling expenses	**47.92**	68.18
	Carriage and freight	**571.64**	413.61
	Freight recovered	**(357.22)**	(283.66)
	Book deficit on assets discarded	**3.94**	2.92
	General expenses	**200.36**	146.96
	Bank charges and commission	**10.13**	4.83
	Donations (Refer note no.29.2.5)	**3.83**	6.99
	Prior year expenditure	**38.14**	-
	Corporate social responsibility (CSR) expenditure (Refer note no. 29.2.25)	**23.88**	29.70
	Loss on sale of assets	**-**	1.11
	Profit on sale of assets	**-**	(0.10)
	Net loss on foreign currency transactions and translations	**8.10**	-
		2,479.47	2,102.35
28	**Exceptional Items**		
	Payments under voluntary retirement scheme	**369.56**	-
	Profit on sale of land	**(100.10)**	-
		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 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. 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.

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

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

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

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) Scrap 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) 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, 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.

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

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.

(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.

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

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, 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.

29 Summary of significant accounting policies and other explanatory information

29.1 Summary of significant accounting policies

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 Proposed dividend

A provision is made in the books of account for the dividend proposed by the Board, pending approval at the Annual General Meeting.

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 having 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.

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

3 Contingent liabilities and commitments (₹ in lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
Contingent liabilities		
On account of guarantees issued by the banks on behalf of the company	**3,129.84**	2,699.66
Sales tax demands disputed by the company pending in appeal	**151.31**	151.31
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)	**265.97**	233.68
On account of 50,000 equity shares of ₹ 10 each agreed to be taken in the capital of BF Premier Energy Systems Private Limited incorporated on March 9, 2015, with Kalyani Strategic Systems Limited as a joint subscriber to the Memorandum of Association of the said company for an equal number of shares.	**-**	5.00

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 Donations in previous year include ₹ 0.25 lakhs paid to Communist Party (Marxist) and ₹ 5 lakhs paid to Baratiya Janatha Party.

6 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”.

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

7 In view of inadequacy of profit, managerial remuneration paid to Chairman and Managing Director for the year ended 31st March, 2016 has exceeded the amount payable in terms of Sections 197 read with Schedule V of the Act by an amount of ₹ 65.47 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.

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

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Amount in foreign currency	**Equivalent amount (₹ in lakhs)**	Amount in foreign currency	Equivalent amount (₹ in lakhs)
US Dollars				
Payables for supplies, services etc.,	**3,52,050**	**233.53**	18,000	11.27
Advance from customers	**3,10,657**	**206.07**	-	-
Receivables for supplies and services	**2,91,205**	**193.16**	6,62,044	414.38
Advances for purchase of spares and equipment	**16,418**	**10.89**	-	-
Working capital borrowing	**8,97,163**	**595.11**	-	-
Balance with banks	**5,06,457**	**335.95**	9,648	6.04
Euros				
Receivables for supplies and services	**2,15,350**	**161.72**	-	-
Advances for purchase of spares and equipment	**96,055**	**72.13**	-	-

9 Disclosures relating to dues of micro enterprises and small enterprises

(Micro, Small and Medium Enterprises Development Act, 2006) (₹ in lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Principal amount remaining unpaid as on 31st March	**17.31**	8.16
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

10 Information on employee benefits (Accounting Standard 15)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Defined contribution plans		
Contribution to provident fund	**211.82**	213.84
b) State Plans		
Contribution to E.S.I.	**8.14**	12.73
c) Defined benefit plans		
c.1) Gratuity (funded)		
Assumptions		
Salary rise	**4%**	4%
Discount rate	**8%**	8%
Attrition rate	**4%**	4%
Expected rate of return	**8.35%**	9.00%
Expenses recognised in Statement of profit and loss		
Current service cost	**29.47**	35.86
Interest cost on benefit obligation	**48.14**	41.97
Expected return on plan assets	**(33.67)**	(41.29)
Net actuarial (gain) / loss recognised in the year	**76.00**	29.53
Net benefit expense	**119.94**	66.07
Actuarial return on plan assets	**(33.67)**	(41.29)
Net asset/liability recognised in balance sheet		
Defined benefit obligation	**618.86**	601.75
Fair value of plan assets	**(467.67)**	(510.50)
Status (surplus)/deficit	**151.19**	91.25
Unrecognised past service cost	**-**	-
Net asset/liability recognised in balance sheet	**151.19**	91.25
Changes in present value of defined benefit obligation		
Opening balance	**601.75**	524.68
Interest cost	**48.14**	41.97
Current services cost	**29.47**	35.86
Benefits paid	**(136.50)**	(30.29)
Actuarial (gain) / loss	**76.00**	29.53
Closing balance	**618.86**	601.75
Changes in fair value of plan assets		
Opening balance	**510.50**	469.29
Expected return	**33.67**	41.29
Contributions	**60.00**	30.21
Benefits paid	**(136.50)**	(30.29)
Closing balance	**467.67**	510.50

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Movement of liability in balance sheet		
Opening balance	**91.25**	55.39
Expenses as above	**119.94**	66.07
Contribution paid	**(60.00)**	(30.21)
Closing balance	**151.19**	91.25

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

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined benefit obligation	**618.86**	601.75	524.68	397.49	352.22
Plan assets	**(467.67)**	(510.50)	(469.29)	(303.49)	(270.86)
(Surplus)/deficit	**151.19**	91.25	55.39	94.00	81.36
Experience adjustments in plan liabilities	**-**	-	-	-	-
Experience adjustments in plan assets	**-**	-	-	-	-

c.2) Leave encashment (unfunded)

(₹ in laksh)

Particulars	For the year ended 31st Marach, 2016	For the year ended 31st Marach, 2015
Assumptions		
Salary rise	**4%**	4%
Discount rate	**8%**	8%
Attrition rate	**4%**	4%
Changes in present value of defined benefit obligation		
Opening balance	**117.89**	97.83
Interest cost	**9.43**	7.83
Current services cost	**0.65**	5.98
Benefits paid	**(33.08)**	(50.98)
Actuarial (gain) / loss	**20.84**	57.23
Closing balance	**115.73**	117.89
Expenses recognised in Statement of profit and loss		
Current service cost	**0.65**	5.98
Interest cost on benefit obligation	**9.43**	7.83
Net actuarial (gain) / loss recognised in the year	**20.84**	57.23
Net benefit expense	**30.92**	71.04

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

11 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.

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: (₹ in lakhs)

Particulars	2015-16		2014-15	
	Within India	**Outside India**	Within India	Outside India
Sales and services by location of customers	**18,457.87**	**1,759.07**	15,231.47	1,108.87
Carrying amount of assets by location	**12,969.31**	**-**	11,326.45	-
Cost incurred on acquisition of tangible and intangible fixed assets	**198.18**	**-**	424.59	-

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

12.0 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	Yes
		Colonel Vikram Mahajan (Retd)	Yes
2	Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta	Yes
		Mrs. T.Malati	Yes
		Mrs. Shonika Prasad	No
		Ms. T.Shruti	Yes
		Mrs. N.Surya Kumari	Yes
3	Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing	No
		A. N. Gupta (HUF)	Yes
		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	Yes
		Aims	No
5	Concerns in which the company has substantial interest(Associate Company)	Premier Wire Products Limited	Yes
6	Joint Venture (Jointly controlled entity)	BF Premier Energy Systems Limited	Yes

12.1 Details of transactions with the related parties

(₹ in lakhs)

S.No.	Related party / Nature of transaction	2015-16		2014-15	
		Amount of Transaction	**Amount Outstanding**	Amount of Transaction	Amount Outstanding
1	**Key management personnel**		**385.61 Credit**		218.52 Credit
	Managerial remuneration	**323.59**		260.19	
	Acceptance of unsecured loans	**145.50**		98.00	
	Interest paid	**28.43**		22.85	
	Repayment of unsecured loans	**1.00**		62.93	
	Dividend paid	**101.49**		45.28	
	Excess remuneration paid received back	-		26.09	
	Amount received on share warrants	-		121.15	
	Allotment of equity shares including premium	-		161.53	

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

(₹ in lakhs)

S.No.	Related party / Nature of transaction	2015-16 Amount of Transaction	2015-16 Amount Outstanding	2014-15 Amount of Transaction	2014-15 Amount Outstanding
2	**Relatives of key management personnel**		**219.66 Credit**		106.10 Credit
	Sitting fees	**2.30**		2.10	
	Acceptance of unsecured loans	**108.50**		70.00	
	Repayment of unsecured loans	**3.25**		76.61	
	Interest paid	**19.07**		15.31	
	Dividend paid	**43.51**		50.73	
	Amount received on share warrants	**-**		64.86	
	Allotment of equity shares including premium	**-**		86.48	
3	**Concerns in which key management personnel have substantial interest**		**-**		-
	(Significant interest entities)				
	Repayment of unsecured loans	**-**		94.75	
	Interest paid	**-**		6.68	
	Dividend paid	**26.27**		17.73	
	Amount received on share warrants	**-**		40.77	
	Allotment of equity shares including premium	**-**		54.36	
4	**Concerns in which relatives of key management personnel have substantial interest**		**-**		-
	(Significant interest entities)				
	Interest paid	**-**		7.56	
	Dividend paid	**0.25**		0.17	
5	**Concerns in which the company has substantial interest (Associate company)**		**112.80 Credit**		-
	Purchase of raw materials	**149.16**		146.81	
	Job work charges paid	**2.82**		2.58	
	Dividend income	**-**		13.03	
6	**Joint venture (Jointly controlled entity)**		**0.19 Debit**		-
	Investment	**5.00**		-	
	Reimbursement of payment of expenses	**0.19**		-	

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

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

(₹ in lakhs)

S. No.	Nature of transaction / Related party	2015-16	2014-15
1	**Acceptance of unsecured loans**		
	Dr. A.N.Gupta	**145.50**	98.00
	Dr. Kailash Gupta	**108.50**	70.00
2	**Interest paid**		
	A.N.Gupta (HUF)	**-**	6.68
	Dr. Kailash Gupta	**19.07**	10.57
	Dr. A.N.Gupta	**28.43**	22.85
	Godavari Explosives Limited	**-**	7.56
3	**Job work charges paid**		
	Premier Wire Products Limited	**2.82**	2.58
4	**Managerial remuneration paid***		
	Dr. A.N.Gupta	**180.74**	133.67
	Mr. T.V Chowdary	**57.84**	47.27
	Mr. K.Chalil	**-**	31.46
	Dr. N.V.Srinivasa Rao	**49.96**	36.54
	Colonel Vikram Mahajan (Retd)	**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**	62.93
	Dr. Kailash Gupta	**3.25**	-
	A.N.Gupta (HUF)	**-**	94.75
6	**Sitting fees**		
	Dr. Kailash Gupta	**2.30**	2.10
7	**Purchase of materials**		
	Premier Wire Products Limited	**149.16**	146.81
8	**Dividend paid**		
	Dr. A.N.Gupta	**99.16**	43.39
	A.N.Gupta (HUF)	**26.27**	17.73
	Dr. Kailash Gupta	**42.69**	28.68
	Mrs. Shonika Prasad	**-**	21.32
9	**Amount received on share warrants**		
	Dr. A.N.Gupta	**-**	99.14
	A.N.Gupta (HUF)	**-**	40.77
	Dr. Kailash Gupta	**-**	64.86
10	**Allotment of equity shares including premium**		
	Dr. A.N.Gupta	**-**	132.19
	A.N.Gupta (HUF)	**-**	54.36
	Dr. Kailash Gupta	**-**	86.48

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

(₹ in lakhs)

S. No.	Nature of transaction / Related party	2015-16	2014-15
11	**Dividend income**		
	Premier Wire Products Limited	-	13.03
12	**Excess remuneration paid received back**		
	Dr. A.N. Gupta	-	26.09
13	**Investment**		
	BF Premier Energy Systems Private Limited	**5.00**	-
14	**Reimbursement of payment of expenses**		
	BF Premier Energy Systems Private Limited	**0.19**	-

13 Accounting for Leases (Accounting Standard 19)

Operating lease expenses

The company has various operating leases for office facilities that are renewable on a periodic basis, by mutual consent, on mutually agreeable terms and cancellable at its option. Rental expenses on operating leases recognised in the Statement of profit and loss for the year is ₹ Nil (previous year: ₹ 0.84 lakhs)

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

		Year ended 31st March, 2016	Year ended 31st March, 2015
Profit attributable to the equity shareholders (₹ in lakhs)	(A)	**567.51**	**532.05**
Basic / weighted average number of equity shares outstanding during the year	(B)	**88,58,575**	**87,18,849**
Diluted / weighted average number of equity shares outstanding during the year	(C)	**88,58,575**	**87,18,849**
Face value of each equity share (₹)		**10.00**	**10.00**
Basic Earnings per share (₹)	(A) / (B)	**6.41**	**6.10**
Diluted Earnings per share (₹)	(A) / (C)	**6.41**	**6.10**

15 Deferred tax liabilities(net)

(₹ in lakhs)

Particulars	Opening as at 1st April, 2015	Charge/(Credit) during the year	Closing as at 31st March, 2016
a) Deferred tax liabilities			
Depreciation	669.06	(32.55)	**636.51**
Total (a)	669.06	(32.55)	**636.51**
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	73.28	49.85	**123.13**
Others	8.51	96.37	**104.88**
Total (b)	81.79	146.22	**228.01**
Net (a - b)	587.27	(178.77)	**408.50**

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

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, 2016
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:

(₹ in lakhs)

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

Particulars	For the period ended 31st March, 2016
(c) Income:	**Nil**
(d) Expenses:	
Employee benefit expenses	**4.64**
Depreciation and amortization expenses	**0.02**
Other expenses	**0.55**
	5.21

Note: This being the first financial year of investment in Joint venture (Jointly controlled entity) there are no corresponding previous year figures.

17 Details of raw materials consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Ammonium nitrate	**5,792.71**	4,473.57
GI wire	**147.96**	148.77
Aluminium strip	**167.10**	147.40
Others	**3,581.03**	3,357.47
Total	**9,688.80**	8,127.21

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

18 Purchase of traded goods (₹ in lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Detonating fuse	**21.95**	61.20
Stores, etc.	**12.54**	62.52
Total	**34.49**	123.72

19 Details of sales, closing stock and opening stock

Manufactured goods (₹ in lakhs)

Particulars	Sales	Sales	Closing inventory	Closing inventory	Opening inventory	Opening inventory
	2015-16	**2014-15**	**31.03.2016**	**31.03.2015**	**01.04.2015**	**01.04.2014**
Industrial explosives	**10,271.37**	8,306.80	**41.78**	26.32	**26.32**	12.42
Detonators	**2,537.75**	2,315.46	**85.34**	207.79	**207.79**	309.31
Wind power	**27.79**	45.88	**-**	-	**-**	-
Others	**5,533.16**	3,944.93	**48.71**	346.55	**346.55**	55.90
Total	**18,370.07**	14,613.07	**175.83**	580.66	**580.66**	377.63

Traded goods (₹ in lakhs)

Particulars	Sales 2015-16	Sales 2014-15	Closing inventory 31.03.2016	Closing inventory 31.03.2015	Opening inventory 01.04.2015	Opening inventory 01.04.2014
Safety detonating fuse	**24.82**	88.47	**-**	-	**-**	-
Stores, etc.	**13.19**	62.52	**.**	-	**-**	-
Total	**38.01**	150.99	**-**	-	**-**	-

Services (₹ in lakhs)

Particulars	Sales 2015-16	Sales 2014-15
Operations and maintenance services	**1,600.59**	1,486.24
Job work and other services	**141.71**	90.04
Royalty and technology transfer fees	**66.56**	-
Total	**1,808.86**	1,576.28

20 Details of work in progress (₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Industrial explosives	**16.84**	38.86
Detonators	**59.20**	62.55
Others	**275.64**	316.10
Total	**351.68**	417.51

29 Summary of significant accounting policies and other explanatory information

29.2 Other explanatory information

21 Value of imports calculated on C.I.F. basis (₹ in lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Raw materials	**826.37**	1.20
Components and spares	**18.57**	38.25
Traded goods	**8.39**	38.84
Total	**853.33**	78.29

22 Expenditure in foreign currency (on accrual basis) (₹ in lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Commission	**13.27**	4.38
Legal and professional charges	**0.32**	0.76
Travelling expenses	**5.73**	3.90
Interest expense	**1.43**	-
Other expenses	**3.50**	10.42
Total	**24.25**	19.46

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

(₹ in lakhs)

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
	Amount	**%**	Amount	%
Raw materials				
Imported	**797.57**	**8.23**	1.26	0.02
Indigenous	**8,891.23**	**91.77**	8,125.95	99.98
	9,688.80	**100.00**	8,127.21	100.00
Components and spares				
Imported	**17.85**	**17.12**	11.08	12.95
Indigenous	**86.40**	**82.88**	74.48	87.05
	104.25	**100.00**	85.56	100.00

24 Earnings in foreign exchange (on accrual basis) (₹ in lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
FOB value of exports	1,455.16	1,049.03
Job work and other services	133.15	-
Royalty and technology transfer fees	66.56	-
Other income	1.20	-
Total	**1,656.07**	**1,049.03**

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 ₹ 23.82 lakhs

b) Amount spent during the year on:

(₹ 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	16.51	-	**16.51**
Promoting education	4.38	-	**4.38**
Rural development	0.99	-	**0.99**
Benefit of armed forces veterans	2.00	-	**2.00**
Total	23.88	-	**23.88**

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

N. Anka Rao
Partner
Membership Number: 23939

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive 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 associate and jointly controlled entity (the Holding Company and its associate and jointly controlled entity together referred to as "the Group"); (Refer Note No.29.1.2 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31st March, 2016, 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 31st March, 2016, 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. 29.2.6 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, 2016 is in excess of the limits laid down under Section 197 read with Schedule V of the Act by Rs.65.47 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 jointly controlled entity whose financial statements reflect total assets of Rs.2.53 lakhs and net assets of Rs.(0.41) lakhs as at March 31, 2016, total revenue of Rs. Nil, net loss of Rs.10.41 lakhs and net cash flows amounting to Rs.0.12 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports 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 the jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid jointly controlled entity is based solely on the reports of the other auditors.

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, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate company and jointly controlled company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31stMarch, 2016from 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 associate and 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, 2016theconsolidatedfinancial position of the Group– Refer Note No.29.2.3 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, 2016.

      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, 2016.

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

N. ANKA RAO
Partner
Membership Number: 23939

HYDERABAD
24.05.2016

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 2016, we have audited the internal financial controls over financial reporting of PREMIER EXPLOSIVES LIMITED ("the Holding Company") and its associate and jointly controlled entity 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 associate 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 associate 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, 2016, 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 jointly controlled entity, which is a company 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

N. ANKA RAO
Partner
Membership Number: 23939

HYDERABAD
24.05.2016

Consolidated Balance Sheet as at 31st March, 2016

(₹ in lakhs)

Particulars	Note no.	As at 31st March,2016
Equity and liabilities		
Shareholders' funds		
Share capital	1	**885.86**
Reserves and surplus	2	**5,656.83**
		6,542.69
Non-current liabilities		
Long-term borrowings	3	**31.85**
Deferred tax liabilities (net)	4	**408.50**
Other long-term liabilities	5	**73.35**
Long-term provisions	6	**233.84**
		747.54
Current liabilities		
Short-term borrowings	7	**2,177.36**
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises		**17.31**
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,170.63**
Other current liabilities	8	**2,055.11**
Short-term provisions	9	**257.71**
		5,678.12
Total		**12,968.35**
Assets		
Non-current assets		
Fixed assets	10	
Tangible assets		**3,942.26**
Intangible assets		**2.94**
Net block		**3,945.20**
Capital work in progress		**241.82**
		4,187.02
Non-current investments	11	**522.77**
Long-term loans and advances	12	**336.13**
Other non-current assets	13	**175.33**
		5,221.25
Current assets		
Inventories	14	**2,232.61**
Trade receivables	15	**4,237.24**
Cash and bank balances	16	**664.89**
Short-term loans and advances	17	**550.33**
Other current assets	18	**62.03**
		7,747.10
Total		**12,968.35**
Summary of significant accounting policies and other explanatory information	29	

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

N. Anka Rao
Partner
Membership Number: 23939

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in lakhs)

Particulars	Note no.	For the year ended 31st March, 2016
Revenue		
Revenue from operations		
Sale of products		**18,370.07**
Sale of traded goods		**38.01**
Sale of services	19	**1,808.86**
Other operating revenues	20	**68.20**
		20,285.14
Less: Excise duty		**1,786.49**
		18,498.65
Other income	21	**46.45**
Total revenue		**18,545.10**
Expenses		
Cost of raw materials consumed	22	**9,688.80**
Purchase of stock in trade		**34.49**
Changes in inventories of finished goods, work-in-progress and scrap	23	**418.48**
Employee benefits expense	24	**4,031.54**
Finance costs	25	**374.49**
Research and development expenses	26	**89.78**
Depreciation (net) and amortisation expense	10	**332.41**
Other expenses	27	**2,480.02**
Total expenses		**17,450.01**
Profit before exceptional items and tax		**1,095.09**
Exceptional items (net)	28	**269.46**
Profit before tax		**825.63**
Tax expense		
Current tax		**445.00**
Deferred tax		**(178.77)**
Income tax adjustments		**(2.90)**
		263.33
Profit after tax and before share of associate		**562.30**
Add: Share in Profit of associate		**2.78**
Profit after tax and share of profit of associate		**565.08**
Earnings per equity share		
(Face value: ₹10/- per share)		
Basic - ₹		**6.38**
Diluted - ₹		**6.38**
Summary of significant accounting policies and other explanatory information	29	

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

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Partner
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C. Subba Rao
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Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Consolidated Cash flow statement for the year ended 31st March, 2016

(₹ in lakhs)

	Particulars		For the year ended 31st March, 2016
A	**Net cash flow from operating activities**		
	Net profit before exceptional items and before tax		**1,095.09**
	Adjustments for		
	Depreciation		**332.41**
	Interest expense		**251.68**
	Interest income		**(30.39)**
	Provision for liabilities no longer required, written back		**(3.82)**
	Book deficit on assets discarded		**3.94**
	(Profit) on sale of assets		**(100.10)**
	Unrealised foreign exchange gain(net)		**(7.23)**
	Operating profit before working capital changes		**1,541.58**
	Adjustments for		
	Decrease in inventories		**181.72**
	(Increase) in trade receivables		**(901.74)**
	(Increase) in long-term loans and advances		**(42.05)**
	(Increase) in other non-current assets		**(47.40)**
	(Increase) in short-term loans and advances		**(236.76)**
	(Increase) in other current assets		**(40.04)**
	Increase in trade payables		**378.99**
	Increase in other current liabilities		**743.09**
	Increase in short-term provisions		**1.87**
	Increase in long-term provisions		**56.29**
	(Decrease) in other long-term liabilities		**(2.62)**
	Cash generated from operations		**1,632.93**
	Income tax paid		**(342.03)**
	Net cash generated from operations before exceptional items		**1,290.90**
	Exceptional items (net)		**(269.46)**
	Total	A	**1,021.44**
B	**Cash flow from investing activities**		
	Capital expenditure		**(514.76)**
	Proceeds from disposal of fixed assets		**115.27**
	Investments in bank deposits (original maturity of more than three months) (net)		**(36.05)**
	Interest received		**26.22**
	Total	B	**(409.32)**
C	**Cash flow from financing activities**		
	Proceeds/(repayment) of long-term borrowings (net)		**(30.65)**
	Increase in short-term borrowings		**395.54**
	Interest paid		**(217.56)**
	Dividend and dividend tax paid		**(417.81)**
	Total	C	**(270.48)**

Consolidated Cash flow statement for the year ended 31st March, 2016 (Continued)

(₹ in lakhs)

	Particulars		For the year ended 31st March, 2016
D	**Exchange difference on translation of foreign currency cash and cash equivalents**	D	**(1.92)**
E	**Cash and cash equivalents at the end of the year**		
	Net increase in cash and cash equivalents	A+B+C+D	**339.72**
	Cash and cash equivalents at the beginning of the year		**27.50**
	Total	E	**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.29) form an integral part of cash flow statement.
3. This being the first year of consolidation of financial statements no corresponding previous year figures have been disclosed.

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

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

For and on behalf of the Board

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Partner
Membership Number: 23939

C. Subba Rao
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Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Notes to Consolidated Balance sheet

(₹ in lakhs)

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

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

Particulars	No. of shares	Amount
Equity Shares outstanding at the beginning of the year	**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**

Details of shareholders holding more than 5% equity shares as on 31.03.2016 is set out below:

Name of the shareholder	No. of shares held	% of share holding
Promoters' group		
Dr. A.N.Gupta	**24,79,039**	**27.99%**
Dr. (Mrs.) Kailash Gupta	**10,67,277**	**12.05%**
A. N. Gupta (HUF)	**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 ₹ 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.

During the year ended 31st March 2016, the amount of dividend recognised as distributions to equity shareholders was ₹ 2.00 per share (2014-15: ₹ 2.00 per share).

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

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016
2	**Reserves and surplus**	
	Capital reserve	
	Subsidy received	**30.57**
	Equity accounting of associate	**3.86**
	Shares forfeited	**0.13**
		34.56
	Securities premium account	**551.78**
	General reserve	
	As per last account	**1,350.00**
	Add: Amount transferred from statement of profit and loss	**150.00**
	Equity accounting of associate	**0.39**
		1,500.39
	Balance in statement of profit and loss (Surplus)	
	As per last account	**3,372.52**
	Equity accounting of associate	**(4.16)**
	Add: Profit for the year as per statement of profit and loss	**565.08**
		3,933.44
	Less: Unrealised profit in respect of transaction with associate	**0.10**
	Total available for allocations and appropriations	**3,933.34**
	Less: Allocations and appropriations	
	Interim dividend	**177.17**
	Dividend tax	**36.07**
	Transferred to General reserve	**150.00**
	Profit carried forward to next year	**3,570.10**
		5,656.83

Notes to Consolidated Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016
3	**Long term borrowings**	
	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: ₹ 300 lakhs	
	Repayment: 24 monthly installments of ₹ 12.50 lakhs each (September, 2014 to August, 2016)	
	Period of maturity from balance sheet date: 5 months	
	Interest rate: Base rate (10.25% as on 31st March, 2016) + 1.45% p.a.	
	Term loan from HDFC Bank Limited	**50.96**
	Less: Current maturities of long-term debt	**19.11**
		31.85
	Repayment: 8 equal quarterly installments of ₹ 6.37 lakhs each (September, 2016 to June, 2018)	
	Interest rate: 11.20% p.a. as on 31st March, 2016	
	There is no continuing default as on the balance sheet date in repayment of loan and interest amounts	
		31.85
4	**Deferred tax liabilities (net)**	
	Balance at the beginning of the year	**587.27**
	Adjustment for the current year	**(178.77)**
	(Refer note no.29.2.13)	
		408.50
5	**Other long term liabilities**	
	Deposits from dealers and others	**73.35**
		73.35
6	**Long term provisions**	
	Provision for employee benefits	**233.84**
		233.84

Notes to Consolidated Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016
7	**Short term borrowings**	
	Secured	
	Loans repayable on demand	
	Working capital loans from banks	**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 @ 10.85% to 11.60% 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	**509.37**
	(Refer note no.29.2.10)	
	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	
		2,177.36
8	**Other current liabilities**	
	Current maturities of long-term debt	
	Loan from banks	**81.61**
	Interest accrued but not due on borrowings	**53.97**
	Advances from customers	**590.44**
	Unclaimed dividend	**20.38**
	(There is no amount due and outstanding to be credited to investor education and protection fund)	
	Other payables	
	Statutory liabilities	**250.07**
	Creditors for capital works	**39.79**
	Employee benefits payable	**435.17**
	Others	**583.68**
		2,055.11
9	**Short term provisions**	
	Employees benefits	**33.46**
	Interim dividend payable	**8.67**
	Income tax (net of prepaid taxes)	**198.93**
	Interest on income tax	**16.65**
		257.71

Notes to Consolidated Balance sheet

10. Fixed assets

(₹ in lakhs)

Description of assets	Gross block				Depreciation / Amortisation				Net block	
	Cost as at 01.04.2015	Additions during the year	Deductions during the year	Total cost as at 31.03.2016	Up to 31.03.2015	For the year	On deductions	Total up to 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible assets										
Own assets										
Freehold land	397.52	38.22	3.33	**432.41**	-	-	-	**-**	**432.41**	397.52
Roads and buildings	1,513.12	14.05	-	**1,527.17**	366.19	58.04	-	**424.23**	**1,102.94**	1,146.93
Plant and equipment	3,803.28	106.12	19.47	**3,889.93**	1,484.02	230.46	4.38	**1,710.10**	**2,179.83**	2,319.26
Research and development equipment	136.61	-	-	**136.61**	48.93	9.49	-	**58.42**	**78.19**	87.68
Data processing equipment	56.57	7.05	0.12	**63.50**	50.14	3.40	0.12	**53.42**	**10.08**	6.43
Office equipment	65.86	3.22	5.18	**63.90**	38.95	11.79	4.49	**46.25**	**17.65**	26.91
Furniture and fittings	68.80	4.69	0.09	**73.40**	32.24	5.19	0.09	**37.34**	**36.06**	36.56
Vehicles	115.76	8.00	-	**123.76**	44.67	12.69	-	**57.36**	**66.40**	71.09
Leased assets										
Leasehold land	2.19	17.00	-	**19.19**	0.34	0.15	-	**0.49**	**18.70**	1.85
Total tangible assets	6,159.71	198.35	28.19	**6,329.87**	2,065.48	331.21	9.08	**2,387.61**	**3,942.26**	4,094.23
B. Intangible assets										
Own assets										
ERP licence fee	8.32	-	-	**8.32**	8.32	-	-	**8.32**	**-**	-
Software	20.81	-	-	**20.81**	16.67	1.20	-	**17.87**	**2.94**	4.14
Total intangible assets	29.13	-	-	**29.13**	24.99	1.20	-	**26.19**	**2.94**	4.14
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	41.40	259.79	59.37	**241.82**	-	-	-	**-**	**241.82**	41.40

Notes to Consolidated Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016
11	**Non-current investments**	
	(Long term investments, non-trade, unquoted, fully paid up)	
	(At cost less provision for other than temporary diminution in value, if any)	
	Investments in equity shares	
	Investment in associate company	
	4,50,000 Equity shares of ₹10/- each in Premier Wire Products Limited	**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 ₹10/- each in Premier Wire Products Limited	**475.00**
		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	**166.81**
	Security deposits	**165.86**
	Loans and advances to staff	**2.50**
	Prepaid taxes (net of provision)	**0.96**
		336.13
13	**Other non-current assets**	
	(Unsecured, considered good)	
	Long term trade receivables	**37.23**
	Long term prepaid expenses	**80.87**
	Bank deposits with original maturity of more than 12 months	**50.00**
	Interest accrued on deposits with banks	**7.23**
		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	**1,170.93**
	(including stock in transit of ₹17.94 lakhs)	
	Work-in-progress	**351.68**
	Finished goods	**175.83**
	Stores and spares	**525.93**
	Scrap	**8.24**
		2,232.61

Notes to Consolidated Balance sheet

(₹ in lakhs)

Note no.	Particulars	As at 31st March, 2016
15	**Trade receivables**	
	(Unsecured, considered good)	
	Outstanding for a period exceeding six months from the date they became due for payment	**828.94**
	Others	**3,408.30**
		4,237.24
16	**Cash and bank balances**	
	Cash and cash equivalents	
	Cash on hand	**6.52**
	Balances with banks	
	Current accounts	**360.69**
	Cash credit account	**0.01**
		367.22
	Other bank balances	
	Unpaid dividend	**20.38**
	Bank deposits with banks held as margin money and as security against bank guarantees	**277.29**
		297.67
		664.89
17	**Short term loans and advances**	
	(Unsecured, considered good)	
	Security deposit	**1.00**
	Advances to suppliers	**240.03**
	Balances with central excise	**104.90**
	Prepaid expenses	**124.68**
	Loans and advances to staff	**2.29**
	Others	**77.43**
		550.33
18	**Other current assets**	
	Interest accrued on deposits	**11.44**
	Export incentives receivable	**17.14**
	Unbilled revenue	**33.45**
		62.03

Notes to Consolidated Statement of Profit and loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31st March 2016
19	**Sale of services**	
	Operations and maintenance services	1,600.59
	Job work and other services	141.71
	Royalty and technology transfer fees	66.56
		1,808.86
20	**Other operating revenues**	
	Sale of scrap arising out of manufacturing process	44.11
	Export incentives	24.09
		68.20
21	**Other income**	
	Interest income	30.39
	Provision for liabilities no longer required, written back	3.82
	Other non-operating income	12.24
		46.45
22	**Cost of raw materials consumed**	
	Opening stock	936.13
	Add: Purchases	9,923.60
		10,859.73
	Less: Closing stock	1,170.93
		9,688.80
23	**Changes in inventories of finished goods, work-in-progress and scrap**	
	Finished goods	
	Closing stock	175.83
	Opening stock	580.66
		404.83
	Excise duty adjustment	
	Excise duty on closing stock	20.79
	Excise duty on opening stock	76.14
	Excise duty adjustment on finished goods	(55.35)
	Work-in-progress	
	Closing stock	351.68
	Opening stock	417.51
		65.83
	Scrap	
	Closing stock	8.24
	Opening stock	11.41
		3.17
		418.48

Notes to Consolidated Statement of Profit and loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31st March 2016
24	**Employee benefits expense**	
	Salaries, wages, bonus and other benefits	**3,530.77**
	Contribution to provident fund and other funds	**326.15**
	Contribution to ESI	**8.14**
	Staff welfare expenses	**166.48**
		4,031.54
25	**Finance costs**	
	Interest expense	**251.68**
	Other borrowing costs	**122.81**
		374.49
26	**Research and development expenses**	
	Material consumed	**3.85**
	Salaries, wages, bonus and other benefits	**80.18**
	Contribution to provident fund and other funds	**5.75**
		89.78
27	**Other expenses**	
	Consumption of stores and spare parts	**46.01**
	Consumption of packing materials	**428.12**
	Power and fuel	**172.34**
	Rent	**14.27**
	Repairs to buildings	**28.20**
	Repairs to machinery	**306.74**
	Repairs to other assets	**166.98**
	Insurance	**84.97**
	Rates and taxes, excluding taxes on income	**70.25**
	Directors sitting fees	**9.50**
	Payments to auditors	
	as auditors	**6.60**
	for tax audit	**3.50**
	for income tax matters	**1.00**
	for quarterly reviews	**5.25**
	for certification	**2.45**
	for expenses	**1.42**
	Printing and stationery	**20.38**
	Communication expenses	**23.90**
	Vehicle maintenance	**22.26**
	Travelling and conveyance	**247.02**
	Professional charges	**79.83**

Notes to Consolidated Statement of Profit and loss

(₹ in lakhs)

Note no.	Particulars	For the year ended 31st March 2016
	Technical know how fees	**0.50**
	Advertisement	**6.25**
	Sales commission	**177.50**
	Sales promotion expenses	**3.72**
	Other selling expenses	**47.92**
	Carriage and freight	**571.64**
	Freight recovered	**(357.22)**
	Book deficit on assets discarded	**3.94**
	General expenses	**200.59**
	Bank charges and commission	**10.13**
	Donations	**3.83**
	Prior year expenditure	**38.14**
	Corporate social responsibility (CSR) expenditure	**23.88**
	Net loss on foreign currency transactions and translations	**8.10**
	Preliminary expenses	**0.11**
		2,480.02
28	**Exceptional items**	
	Payments under voluntary retirement scheme	**369.56**
	Profit on sale of land	**(100.10)**
		269.46

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

29.1 Summary of significant accounting policies

1 Basis of preparation of consolidated financial statements

The consolidted financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis 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 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 associate and joint venture. The consolidated financial statements have been prepared on the following basis:

(i) 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".

(ii) 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".

(iii) 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.

(iv) 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.

(v) 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 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 (Associate)	25.71	India
BF Premier Energy Systems Private Limited (Jointly controlled entity)	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.

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

29.1 Summary of significant accounting policies

4 Tangible fixed assets

i) Tangible fixed assets are stated at historical cost less accumulated depreciation thereon and impairmrnt losses, if any. 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.

(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.

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. Deprecation is provided at one hundred percent for assets costing ₹5000/- or less.

(ii) 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) Scrap 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.

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

29.1 Summary of significant accounting policies

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) 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.

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.

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

29.1 Summary of significant accounting policies

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.

(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

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

29.1 Summary of significant accounting policies

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, 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 Proposed dividend

A provision is made in the books of account for the dividend proposed by the Board, pending approval at the Annual General Meeting

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.

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

29.2 Other explanatory information

1 Corporate information

Premier Explosives Limited (Parent company), its one associate 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 having 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."

2 This being the first year of consolidation of financial statements no corresponding previous year figures have been disclosed.

3 Contingent liabilities and commitments (₹ in lakhs)

Particulars	As at 31st March, 2016
Contingent liabilities	
On account of guarantees issued by the banks on behalf of the company	**3,129.84**
Sales tax demands disputed by the company pending in appeal	**151.31**
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)	**265.97**

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 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".

6 In view of inadequacy of profit, managerial remuneration paid to Chairman and Managing Director for the year ended 31st March, 2016 has exceeded the amount payable in terms of Sections 197 read with Schedule V of the Act by an amount of ₹ 65.47 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.

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

29.2 Other explanatory information

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

Particulars	For the year ended 31st March, 2016	
	Amount in foreign currency	Equivalent amount (₹ in lakhs)
US Dollars		
Payables for supplies, services etc.,	3,52,050	233.53
Advance from customers	3,10,657	206.07
Receivables for supplies and services	2,91,205	193.16
Advances for purchase of spares and equipment	16,418	10.89
Working capital borrowing	8,97,163	595.11
Balance with banks	5,06,457	335.95
Euros		
Receivables for supplies and services	2,15,350	161.72
Advances for purchase of spares and equipment	96,055	72.13

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

29.2 Other explanatory information

8 Information on employee benefits (Accounting Standard 15)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016
a) Defined contribution plans	
Contribution to provident fund	**211.82**
b) State Plans	
Contribution to E.S.I.	**8.14**
c) Defined benefit plans	
c.1) Gratuity (funded)	
Assumptions	
Salary rise	**4%**
Discount rate	**8%**
Attrition rate	**4%**
Expected rate of return	**8.35%**
Expenses recognised in Statement of profit and loss	
Current service cost	**29.61**
Interest cost on benefit obligation	**48.14**
Expected return on plan assets	**(33.67)**
Net actuarial (gain) / loss recognised in the year	**76.00**
Net benefit expense	**120.08**
Actuarial return on plan assets	**(33.67)**
Net asset/liability recognised in balance sheet	
Defined benefit obligation	**619.00**
Fair value of plan assets	**(467.67)**
Status (surplus)/deficit	**151.33**
Unrecognised past service cost	**-**
Net asset/liability recognised in balance sheet	**151.33**
Changes in present value of defined benefit obligation	
Opening balance	**601.75**
Interest cost	**48.14**
Current services cost	**29.61**
Benefits paid	**(136.50)**
Actuarial (gain) / loss	**76.00**
Closing balance	**619.00**
Changes in fair value of plan assets	
Opening balance	**510.50**
Expected return	**33.67**
Contributions	**60.00**
Benefits paid	**(136.50)**
Closing balance	**467.67**

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

29.2 Other explanatory information

Movement of liability in balance sheet	(₹ in lakhs)
Opening balance	**91.25**
Expenses as above	**120.08**
Contribution paid	**(60.00)**
Closing balance	**151.33**

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

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined benefit obligation	619.00	601.75	524.68	397.49	352.22
Plan assets	(467.67)	(510.50)	(469.29)	(303.49)	(270.86)
(Surplus)/deficit	151.33	91.25	55.39	94.00	81.36
Experience adjustments in plan liabilities	-	-	-	-	-
Experience adjustments in plan assets	-	-	-	-	-

c.2) Leave encashment (unfunded) (₹ in lakhs)

Particulars	For the year ended 31st Marach, 2016
Assumptions	
Salary rise	**4%**
Discount rate	**8%**
Attrition rate	**4%**
Changes in present value of defined benefit obligation	
Opening balance	**117.89**
Interest cost	**9.43**
Current services cost	**0.88**
Benefits paid	**(33.08)**
Actuarial (gain) / loss	**20.84**
Closing balance	**115.96**
Expenses recognised in Statement of profit and loss	
Current service cost	**0.88**
Interest cost on benefit obligation	**9.43**
Net actuarial (gain) / loss recognised in the year	**20.84**
Net benefit expense	**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.

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

29.2 Other explanatory information

9. 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:

(₹ in lakhs)

Particulars	2015-16	
	Within India	Outside India
Sales and services by location of customers	**18,457.87**	**1,759.07**
Carrying amount of assets by location	**12,968.35**	**-**
Cost incurred on acquisition of tangible and intangible fixed assets	**198.35**	**-**

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

29.2 Other explanatory information

10 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 Mr. T.V.Chowdary Dr. N.V.Srinivasa Rao Colonel Vikram Mahajan (Retired)	Yes Yes Yes Yes
2	Relatives of key management personnel	Dr. (Mrs.) Kailash Gupta Mrs. T.Malati Ms. T.Shruti Mrs. N.Surya Kumari	Yes Yes Yes Yes
3	Concerns in which key management personnel have substantial interest (Significant interest entities)	Amar Leasing A. N. Gupta (HUF) Godavari Farms & Plantations	No Yes No
4	Concerns in which relatives of key management personnel have substantial interest (Significant interest entities)	Godavari Explosives Limited Ask Consultants Private Limited Aims	No Yes No
5	Concerns in which the company has substantial interest(Associate Company)	Premier Wire Products Limited	Yes
6	Joint venture (Jointly controlled entity)	BF Premier Energy Systems Private Limited	Yes

10.1 Details of transactions with the related parties (₹ in lakhs)

S.No.	Related party / Nature of transaction	2015-16 Amount of Transaction	2015-16 Amount Outstanding
1	**Key management personnel**		**385.61** ***Credit***
	Managerial remuneration	**323.59**	
	Acceptance of unsecured loans	**145.50**	
	Interest paid	**28.43**	
	Repayment of unsecured loans	**1.00**	
	Dividend paid	**101.49**	
2	**Relatives of key management personnel**		**219.66** ***Credit***
	Sitting fees	**2.30**	
	Acceptance of unsecured loans	**108.50**	
	Repayment of unsecured loans	**3.25**	
	Interest paid	**19.07**	
	Dividend paid	**43.51**	

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

29.2 Other explanatory information

10.1 Details of transactions with the related parties (₹ in lakhs)

S.No.	Related party / Nature of transaction	2015-16 Amount of Transaction	2015-16 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 (Associate company)**		112.80 *Credit*
	Purchase of raw materials	149.16	
	Jobwork charges paid	2.82	
6	**Joint venture (Jointly controlled entity)**		0.19 *Debit*
	Investment	5.00	
	Reimbursement of payment of expenses	0.19	

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

(₹ in lakhs)

S.No.	Nature of transaction / Related party	2015-16
1	**Acceptance of unsecured loans**	
	Dr. A.N.Gupta	145.50
	Dr. Kailash Gupta	108.50
2	**Interest paid**	
	Dr. Kailash Gupta	19.07
	Dr. A.N.Gupta	28.43
3	**Job work charges paid**	
	Premier Wire Products Limited	2.82
4	**Managerial remuneration paid***	
	Dr. A.N.Gupta	180.74
	Mr. T.V Chowdary	57.84
	Dr. N.V.Srinivasa Rao	49.96
	Colonel Vikram Mahajan (Retired)	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 (Consolidated)

29.2 Other explanatory information

(₹ in lakhs)

S.No.	Nature of transaction / Related party	2015-16
5	**Repayment of unsecured loans**	
	Dr. A.N.Gupta	**1.00**
	Dr. Kailash Gupta	**3.25**
6	**Sitting fees**	
	Dr. Kailash Gupta	**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***	
	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

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

29.2 Other explanatory information

11 Accounting for Leases (Accounting Standard 19)

Operating lease expenses

The company has various operating leases for office facilities that are renewable on a periodic basis, by mutual consent, on mutually agreeable terms and cancellable at its option. Rental expenses on operating leases recognised in the Statement of profit and loss for the year is ₹ Nil (previous year: ₹0.84 lakhs)

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

		Year ended 31st March, 2016
Profit attributable to the equity shareholders (₹ in lakhs)	(A)	**565.08**
Basic / weighted average number of equity shares outstanding during the year	(B)	**88,58,575**
Diluted / weighted average number of equity shares outstanding during the year	(C)	**88,58,575**
Face value of each equity share (₹)		**10.00**
Basic Earnings per share (₹)	(A) / (B)	**6.38**
Diluted Earnings per share (₹)	(A) / (C)	**6.38**

13 Deferred tax liabilities(net)

(₹ in lakhs)

Particulars	Opening as at 1st April, 2015	Charge/(Credit) during the year	Year ended 31st March, 2016
a) Deferred tax liabilities			
Depreciation	669.06	(32.55)	**636.51**
Total (a)	669.06	(32.55)	**636.51**
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	73.28	49.85	**123.13**
Others	8.51	96.37	**104.88**
Total (b)	81.79	146.22	**228.01**
Net (a - b)	587.27	(178.77)	**408.50**

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

29.2 Other explanatory information

14 Information as required under Schedule III of the companies Act, 2013 of enterprises consolidated:

(₹ 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		100.04	6,545.13	100.43	567.51
Associate Premier Wire Products Limited	Indian	0.04	2.77	0.49	2.78
Joint Venture BF Premier Energy Systems Private Limited	Indian	(0.08)	(5.21)	(0.92)	(5.21)
		100.00	**6,542.69**	**100.00**	**565.08**

15 The Company's share in respect of the assets, liabilities, reserves, income and expenses, related to its interest in the jointly controlled entity, incorporated in the consolidated financial statements is:

(₹ in lakhs)

Particulars	As at 31st March, 2016
(a) Assets:	
Tangible assets	**0.15**
Cash and bank balances	**0.12**
Short term loans and advances	**1.00**
	1.27
(b) Liabilities:	
Long term provisions	**0.18**
Trade payables	**1.01**
Other current liabilities	**0.10**
Short term provisions	**0.19**
	1.48
(b) Reserves:	
Retained Earnings	**(5.21)**

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

29.2 Other explanatory information

(₹ in lakhs)

Particulars	For the period ended 31st March, 2016
(c) Income:	Nil
(d) Expenses:	
Employee benefit expenses	**4.64**
Depreciation and amortization expenses	**0.02**
Other expenses	**0.55**
Total	**5.21**

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

For and on behalf of the Board

N. Anka Rao
Partner
Membership Number: 23939

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director

Secunderabad
24.05.2016

K. Vijayashree
Company Secretary

T.V. Chowdary
Executive Director

Notice of the 36th Annual General Meeting

Notice is hereby given that the 36th 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, Hyderabad - 500004 on Friday, 23rd of September, 2016 at 10.30 a.m. to transact the following business:

Ordinary business:

1. To receive, consider and adopt –

   a. The audited financial statements of the Company for the year ended 31st of March, 2016 and the reports of the Board of Directors and Auditors thereon.

   b. The audited consolidated financial statements of the Company for the year ended 31st March, 2016.

2. To confirm the payment of Interim Dividend of ₹2.00 per equity share.

3. To appoint a director in place of Dr. (Mrs.) Kailash Gupta (DIN:00054045), who retires by rotation and being eligible offers herself 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 Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, and pursuant to the resolution passed by the members at the 34th Annual General Meeting held on 13th of August, 2014, the appointment of M/s. P. V. R. K. Nageswara Rao & Co., Chartered Accountants (Firm's Registration Number: 002283S) as the Auditors of the Company to hold office till the conclusion of the 39th AGM to be held in the year, 2019, be and is hereby ratified and the Board of Directors be authorized to fix the remuneration of the Auditors and out of pocket expenses as may be agreed upon between the Auditors and the Board."

Special business:

5. **Re-appointment of Mr. T.V. Chowdary as Whole time Director designated as 'Deputy Managing Director'**

   To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisons, if any, of the Companies Act, 2013 read with Schedule V to the Act and the Companies (Appointment and Remuneration 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 Mr. T.V. Chowdary (DIN:00054220] as Whole time Director with the new designation of 'Deputy Managing Director' of the Company, with effect from 01st July, 2016 for a period of three years on the following terms and conditions:

   1. Salary:

   a. He will be entitled to a basic salary of ₹2,75,000 (Rupees Two Lakh Seventy Five Thousand only) per month with effect from 1st July 2016.

   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 ₹ 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.

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

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

   These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under the Sections 196, 197 and Schedule V annexed to the Companies Act, 2013.

   iii. 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.

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

   v. Club fees (maximum 2 clubs)

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

3. **Other benefits:**

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

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

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

   iii. Use of Company Car with driver & Telephone at residence for official purposes.

4. **Minimum remuneration:**

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

5. **Commission:**

   In addition to the salary, he will be entitled to commission @ 0.5% of the Net Profits calculated in accordance with the Section 198 of the Companies Act, 2013.

   "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 Mr. T.V.Chowdary."

6. **Payment of excess managerial remuneration to Dr. Amar Nath Gupta for the period 01st April, 2015 to 13th February, 2016**

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

   "RESOLVED THAT pursuant to Section 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (together with the respective provisions of the Companies Act, 1956) and subject to such approval of the Central Government as required, approval of the Members be and is hereby accorded for the payment of managerial remuneration of ₹1,60,23,136/- (including an amount of ₹57,25,446/- being in excess of the limits prescribed under the provisions of Section 197 read with Schedule V of the Companies Act, 2013) to Dr. Amar Nath Gupta [DIN: 00053985], Chairman and Managing Director of the Company, for the period from 01st April, 2015 to 13th February, 2016.

   RESOLVED FURTHER THAT the Dr. Amar Nath Gupta,[DIN: 00053985], Chairman and Managing Director, Mr. T.V. Chowdary[DIN: 00054220], Deputy Managing Director and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, things, deeds, matters and things as may be considered necessary or desirable, including in particular, making of an application to the Central Government for its approval and to give effect to this resolution in this regard."

7. **Adoption of new set of Articles of Association of the Company**

   To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 5,14 and other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), the approval of the Members be and is hereby given for deletion of all the Articles of the existing Articles of Association and the new set of Articles of Association be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the all existing Articles thereof.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

8. Approval to the Remuneration payable to the Cost Auditors

To consider and if thought fit, to pass with or without modification(s), 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 thereunder, 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, 2017, 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 to give effect to this resolution."

By order of the Board
For **Premier Explosives Limited**

Secunderabad
29 .07.2016

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 13.09.2016 to 23.09.2016 (both days inclusive).
7. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends. Members holding shares in physical form, may write to the Registrar and Transfer Agent for any change in their addresses.
8. 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.

9. 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.

10. The Notice of the AGM along with the annual report for the year 2015-16 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.

11. 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 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are provided in the Report on Corporate Governance forming part of the Annual Report.

12. 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 20th September, 2016 (9.00 a.m) and ends on 22nd September, 2016 (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 16th September, 2016 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.

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., the alphabets and numbers in the exact way as they are displayed for security reasons

iii) Please contact Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

iv) Members can cast their vote online from 20th September, 2016 @ 9.00 a.m. to 22nd of September, 2016 @ 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 you do not want 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
29.07.2016

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.5

The tenure of appointment of Mr. T.V. Chowdary, Executive Director (DIN:00054220) had ended on 30th June, 2016. The Board of Directors at their meeting held on 24th of May 2016, on the recommendation of the Nomination and Remuneration Committee reappointed him as Whole time Director with the designation of 'Deputy Managing Director' with effect from 01st of July, 2016 for a period of three years at a remuneration as set out in the resolution, subject to the approval of the Shareholders.

A Brief profile along with other details of Mr. T.V. Chowdary is also provided in the Report on Corporate Governance forming part of the Annual Report.

None of the Directors, key managerial personnel or their relatives except Mr. T.V. Chowdary is in any way concerned or interested, financially or otherwise in the resolution.

Keeping in view the immense contribution made by Mr. T.V. Chowdary to the Company and his rich and varied experience, the Board commends the Special Resolution set out at item No.5 of the Notice for approval by the shareholders.

Statement common to item nos. 5 and 6

Additional information in terms of item (iv) of third proviso of Section II of Part II of Schedule V to the Companies Act, 2013 is furnished below:

I. General Information

1	Nature of Industry	• Manufacture of commercial explosives • Design, development and manufacture of defense products • Operations and maintenance services for defence and space establishments • Generation of renewable energy
2	Date or expected date of commencement of commercial production	9th September, 1980
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
4	Financial performance based on given indicators	For Financial Year 2015-16 Net Revenue : ₹1845.10 Lakhs Profit before tax : ₹1100.30 Lakhs Profit after Tax : ₹567.51 Lakhs
5	Foreign investments or collaborations, if any	None

II. Information about the appointee:

Mr. T.V. Chowdary

1	Background details	Age : 59 years Qualification : B.Sc. Tech (Petroleum)
2	Past Remuneration	₹57.84 lakhs (2015-16)
3	Recognition or Awards	N.A
4	Job profile and his suitability	• Deputy Managing Director • On the Board of Directors since 2005 • A chemical engineer with over 34 years of experience in production of explosives, detonators, petrochemicals, coal tar pitches & enamels, mushrooms and solid propellants • Project execution is his forte • Has been at the forefront in various aspects of the management
5	Remuneration proposed	As mentioned in the Resolution No.5

6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with other Directors, manager and other key managerial personnel, if any.	None

Dr. Amar Nath Gupta

1	Background details	Age : 71 years Qualification : M.Sc. (Mining Engineering) from Indian School of Mines, Dhanbad He has been conferred Doctor of Science (Honoris Causa) by Gulbarga University in recognition of his rare distinction and distinguished contribution to the field of science and technology
2	Past Remuneration	₹ 128.36 lakhs (2014-15) (After deducting an amount of ₹ 5.31 lakhs refunded as ordered by MCA from ₹133.67 lakhs)
3	Recognition or Awards	• Recipient of 'Pickering and ISM Medal' from Indian School of Mines, Dhanbad • Received Gold Medal from Mining Geological and Metallurgical Institute of India for best paper. • Chairman of Explosives Development Council and Chairman of Explosives Manufacturers Association of India • Received Asia Pacific Entrepreneurship Award in the outstanding category • Received 'Honorary Fellowship' for the year 2016 from High Energy Materials Society of India (HEMSI) for outstanding contribution towards establishment of Advanced Propellant Processing Technology
4	Job profile and his suitability	• Chairman and Managing Director • Founder-promoter • Steered the Company from commercial explosives to technology-products like solid propellants for missile programs • Promoted R&D in the Company giving results like receiving DRDO's Technology Absorption Award from Prime Minister of India • Responsible for development and production of safer and green detonators using NHN as primer in place of conventional ASA • Has made distinguished contributions to the field of science and technology leading to conferment of Doctor of Science

5	Remuneration proposed	For the period between 01st April, 2015 to 13th February 2016, total Remuneration is 1,60,23,136/-
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with other Directors, manager and other key managerial personnel, if any.	Shareholder with 28.05% Related to Dr. (Mrs.) Kailash Gupta, Director

III. Other Information:

1	Reasons of loss or inadequate profits	Major reason for inadequacy of profit is the onetime payment under Voluntary Retirement Scheme. Other reasons include subdued prices for products like detonators and higher prices of ammonium nitrate, an important raw material for production of explosives. Effectively, raw materials costs as proportion of overall income increased from 53% to 55% affecting the profitability significantly.
2	Steps taken or proposed to be taken for improvement	Payment under VRS is a step taken to contain recurring employee cost. The company is taking steps to increase the defence business. The company also is trying to increase turnover from explosives used in mining as well as enhancing export sales. Other expenses including interest have been contained at previous year levels.
3	Expected increase in productivity and profits in measurable terms.	• Strengthening the marketing network in respect of detonators and other accessories • Taking steps to secure export orders for detonating fuse and other products • Securing larger volumes of explosives in the tenders of coal mining companies • Substituting part of local Ammonium Nitrate with imported material • Taking steps for backward integration of manufacturing an important raw material in-house • Participating in seminars to capture the business opportunities in defence With improvement in coal mining, road construction and other infrastructure activities, prospects for explosives industry are turning better. With the new Defence Procurement Policy 2016, planned induction of LRSAM, MRSAM, Astra and other missiles by defence forces, demand for solid propellants is expected to go up. The company also is taking steps to manufacture ammunition which is expected to add revenues in the coming years. All the above steps and situations are expected to be earnings accretive for the company.

Item No.6:

Dr. Amar Nath Gupta [DIN: 00053985], was re-appointed as Chairman and Managing Director of the Company for a period of 3 (Three) years commencing from February 14th, 2013 in the Board meeting held on January 28th, 2013 and further his appointment was ratified by the Members in the 33rd Annual General Meeting of the Company held on August 08th, 2013 by passing a Special Resolution.

However, during the currency of his tenure and for the financial year ended 31st March, 2016, as per the audited Annual Financial statement ending with the same date, the Company earned a Net Profit of ₹ 14.37 crores computed as per Section 198 of the Companies Act, 2013 ("the Act") and the remuneration paid to Dr. Amar Nath Gupta during the period from 01st April, 2015 to 13th February, 2016 was ₹ 1, 60, 23, 136/-. Due to inadequate profits, the remuneration was in excess of the limits as specified under the Act by ₹ 57, 25,446/-.

Pursuant to Section 197(10) and Schedule V of the Companies Act, 2013 an application has already been filed with the Central Government for obtaining prior approval for the payment of excess managerial remuneration to Dr. Amar Nath Gupta, Chairman & Managing Director of the Company for the period from 01st April, 2015 to 13th February, 2016 on 21st November, 2015 vide SRN: C70223185 for a proposed Gross Remuneration of ₹1, 62,58,896/- which was based on estimated Net Profits u/s 198(1) of the Companies Act, 2013 .

In response to the same application, the Company has received a letter from the office of Ministry of Corporate Affairs vide Ref. No. SRN C70223185/2015 - CL-VII dated 18th May, 2016 and 11th July, 2016 received through e-mail seeking further information/ document/ clarification which was as follows:

"Earlier company has submitted the Members Resolution passed on August 8, 2013 under Companies Act, 1956. Therefore, company is requested to furnish Certified copy of Shareholder Special Resolution in favour of proposal along with notice and explanatory statement u/s 102 of the Companies Act, 2013."

The consent of the shareholders is being sought for the payment of remuneration in order to comply with the requirement of the Ministry of Corporate Affairs for the passing of Special Resolution for the proposal under the Companies Act, 2013 (which has already been approved by the shareholders in the 33rd Annual General Meeting under Companies Act, 1956)

Dr. Amar Nath Gupta [DIN: 00053985], has been serving as Chairman and Managing Director of the Company since its incorporation and considering his responsibilities and contribution towards the development and growth of the Company and as per the terms of his re-appointment, as approved by the shareholders, your Directors are of the opinion that the application for payment of excess remuneration to Dr. Amar Nath Gupta is justified and in the best interest of the Company.

The resolution sought at item no.6 is recommended by your Directors to be passed as a Special Resolution to meet the requirement of the Ministry of Corporate Affairs, Central Government.

None of the Directors, key managerial personnel of the Company or their relatives except Dr. Amar Nath Gupta and his spouse, Dr. (Mrs.) Kailash Gupta, is interested or concerned in the said resolution, either financially or otherwise.

Item No.7

The existing Articles of Association (Articles) of the Company are based on the erstwhile Companies Act, 1956 and several regulations in the existing Articles contain reference to the specific sections of the erstwhile Companies Act, 1956. Some regulations in the existing Articles are no longer in conformity with the provisions of the Companies Act, 2013 (the Act). With the enactment of the Companies Act, 2013, several regulations of the existing Articles of the Company require alteration and/ or deletion. It is therefore considered expedient to adopt a new set of Articles of Association (based on the provisions of the Companies Act, 2013) in place of the existing Articles of Association.

The draft Articles of Association is available on the website of the Company at www.pelgel.com and a copy of the same shall be open for inspection of the members at the registered office of the Company on all working days up to the date of Annual General Meeting between 11.00 a.m to 1.00 p.m.

The Board of Directors recommends the Special Resolution set out at Item No.7 of the Notice for approval by the Members of the Company.

None of the Directors, key managerial personnel and their respective relatives is concerned or interested, financially or otherwise, in this resolution.

Item No.8

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, 2017 at a remuneration of ₹1.10 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.

Notice of the 36th Annual General Meeting

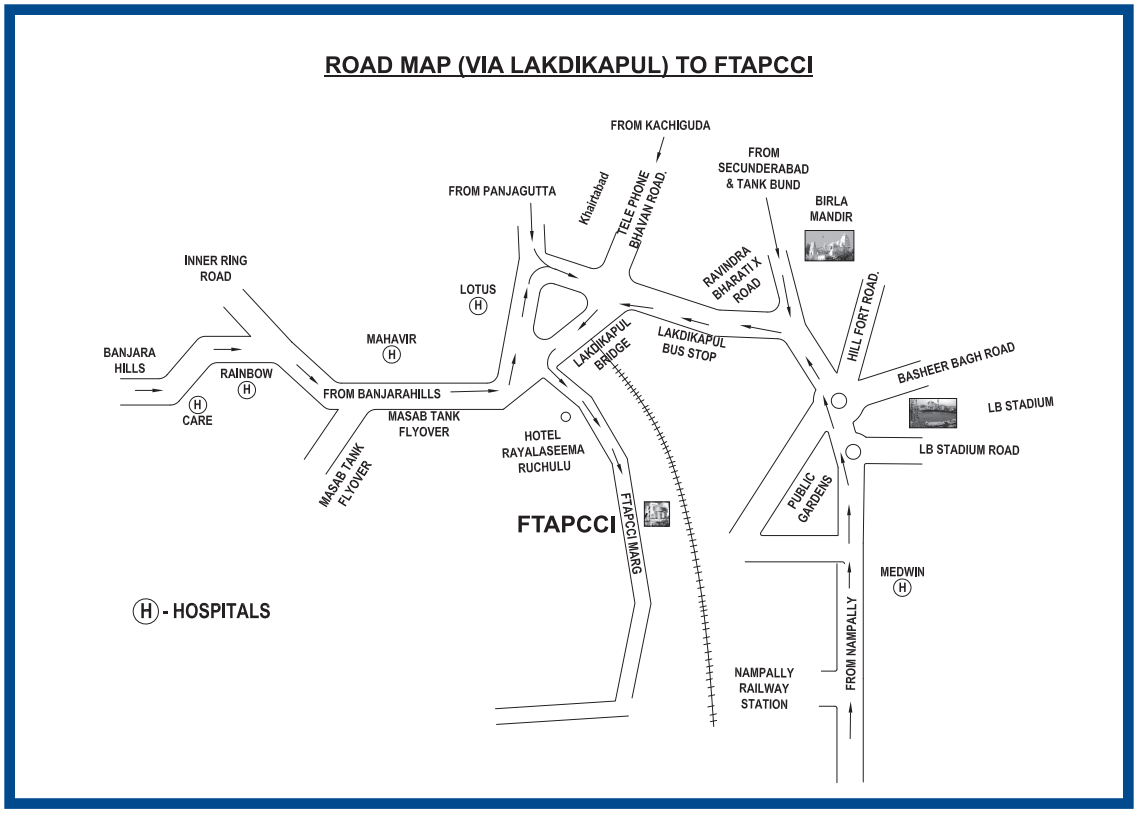
Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at Item No.8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2017.

None of the Directors, key managerial personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

By order of the Board
For **Premier Explosives Limited**

Secunderabad
29 .07.2016

Vijayashree.K
Company Secretary



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 36th Annual General Meeting of the Company, to be held on Friday, the 23rd September, 2016 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, 2016. b. Adoption of the audited consolidated financial statements of the Company for the year ended 31st March, 2016.		
2	Confirmation of payment of Interim dividend Rs.2.00 per equity share.		
3	Re-appointment of Dr. (Mrs.) Kailash Gupta (DIN:00054045), as Director who retires by rotation.		
4	Ratification of the appointment of Auditors		
SPECIAL BUSINESS			
5	Re-appointmet of Mr. T.V. Chowdary (DIN:00054220) as Whole time Director designated as 'Deputy Managing Director'.		
6	Approval to the Payment of exces remuneration to Dr. Amar Nath Gupta (DIN:00053985) for the period 01st April, 2015 to 13th February, 2016.		
7	Adoption of new set of Articles of Asscoiation of the Company.		
8	Approval to the remuneration payable to the Cost Auditors.		

Signed this ..... Day of .....2016.

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

36TH ANNUAL GENERAL MEETING - SEPTEMBER 23RD, 2016 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 36th Annual General Meeting of the Company being held at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana, on Friday, 23rd September, 2016 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

On the Special occasion of delivering the 1000th Akash Missile Booster Grain on 9th July 2016

Smt. G. Suneetha the Government Whip and Honourable MLA Planting a Tree on the occasion of Haritha Haram Program

Advisory, Content & Visualization www.corpcommstudio.in

Premier Explosives Limited

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