ENHANCING CAPABILITIES

39th Annual Report 2018-19

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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. Some of the images used in this report are purely for illustrative purposes only and hence they are not the photos/ images of our facilities, products or of any such nature/kind.

HIGHLIGHTS
IN FY 2019

Operating Revenue	Operating Profit	Profit After Tax	Order Book
₹ **2409** million	₹ **234** million	₹ **117** million	₹ **4457** million
- 9.4 % year on year basis	+ 17% year on year basis	+ 34.48% year on year basis	

In FY19 the company had received License from DIPP for manufacture of Medium calibre Ammunition (20mm to 57mm), Large calibre Ammunition (APFSDS and BMCS), Sub-assemblies for ammunition, Single base/Double base/Triple base / Multi base propellants and RDX & HMX and compounds thereof at its Greenfield Katepally plant.

During the year the company also received License from Department of Industrial Policy and Promotion (DIPP) for the manufacture of Propellants, Ammonium Perchlorate and HTPB. This license will help the company manufacture and supply solid propellants to meet the requirements of ISRO-SHAR satellite launches. Propellants are fuel for satellite launch vehicles and other two items are raw materials for propellants.

The company entered into a Memorandum of Agreement with Ministry of Defence for development of Chaff and Flare under 'Make in India'

Beyond FY19

Premier Explosives Ltd has bagged an order worth ₹ 100 Cr from Ministry of Defence, for supply of 50mm chaffs cartridges. The order to be executed in 168 weeks

July 11, 2019, the company received an order from Bharat Dynamics (BDL) in defence space for supply of solid propellants for MRSAM for a value of ₹ 14.99 Cr

Received order for Operations and Maintenance (O&M) services at SHAR, ISRO, Sriharikota. This contract is for ₹ 213.58 crores (including GST) spanning a period of 10 years.

ENHANCING CAPABILITIES
REACHING MILESTONES

200

0+ AKASH BOOSTER GRAINS

And only Indian private entity manufacturing and supplying solid propellants to India's prestigious missile programmes and reached a milestone of delivering 2121 Booster grains for Akash missile till July 2019.

ENHANCING CAPABILITIES
DEFENCE & AEROSPACE

Our continued investments for increasing capacity, research capabilities, gaining IPs and commercialisation of ToTs combined with established relations with our esteemed clients in the defence and aerospace industries position us to deliver improved performance in the near and long term.

FY 19 Revenue (Defence products)

₹ **689** million

FY 19 Revenue (Defence and Space services)

₹ **179** million

Under a GOCO contract, PEL has been operating and maintaining solid propellant plant of ISRO at SHAR, Sriharikota. First contract of ten years ended in July 2018 and another 10 – year contract commenced in January 2019.

Trial order against PSOM-XL strap on motors was successfully tested in January 2018. ISRO is expected to outsource production to PEL

Further, PEL has been operating and maintaining the solid propellant plant of Advance Systems Laboratory (DRDO) also at Jagdalpur.

ENHANCING CAPABILITIES
COMMERICAL EXPLOSIVES

Our continued investments for increasing capacity, research capabilities, gaining IPs and commercialisation of ToTs combined with established relations with our esteemed clients in the defence and aerospace industries position us to deliver continued performance in the near and long term.

FY 19 Revenue (Explosives)

₹ **1541** million

ENHANCING CAPABILITIES
AMMUNITION

The company is about to obtain technological knowhow and capabilities for manufacturing ammunition and has submitted bids for supply of Bi-Modular Charge Systems (BMCS) and 40 mm & 30 mm grenades with technology tie up from reputed international OEMs. Ministry of Defence (MoD) is expected to process the bid applications which will be followed by sample testing and financial bidding.

Ammunition Capabilities

Technology tie up for 30 mm grenade and 40 mm, TM grenade with Yugoimport (Sloboda), for 120 mm APFSDS with L&T

Land for the project was procured at Katepally, near Hyderabad

ABOUT
THE COMPANY

Premier Explosives Ltd is engaged in the manufacture of high energy materials and allied products for the defence, space, mining and infrastructure industries. The company has been developing and manufacturing solid propellants for rockets like Pinaka, tactical missiles like Astra, Akash, LRSAM / MRSAM / QRSAM, Brahmos, etc., strategic missiles like Agni and also for strap-on-motors of satellite launchers. The extended capabilities of the company include products such as chaff, IR flares, explosive bolts, pyro devices, smoke markers, cable cutters, tear gas grenades and many other products including pyrogen igniters for defence and space applications. The company is the pioneer in indigenising the technology for manufacture of explosives and accessories.

First company in India to have deployed indigenous technology for manufacturing explosives

First company in the world to produce safer and greener NHN detonators on commercial scale replacing ASA detonators

First Indian private entity manufacturing and supplying solid propellants to India's prestigious missile programmes and reached a milestone of delivering 2000th Booster grain for Akash missile in 2018-19.

Our Facilities
6
Plants in different states

Our People
1075

Sectors
Defence, Aerospace, Mining and Infrastructure

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

Mission

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

How we are progressing on our Vision 2025

Vision 2025	How we are progressing
Continue the leadership in High Energy Materials for defence and space	Company had entered into a MOU with Indian Air Force, New Delhi for Design and Development of Chaffs and Flares. Subsiquently in June 2019 the company has bagged an order worth ₹ 100 Cr from Ministry of Defence, for supply of 50mm chaffs cartridges.
Meet the full requirements of ISRO's strap-on motors	Trial order successfully tested in January 2018 for ISRO's PSOM-XL strap on motors.
Enter export market for defence products and high energy components	The company received overseas orders for development and supply of solid propellant motors and sodium azide pallets

Static test of PEL's first strap-on-motor at SHAR

CAPABILITIES & CREDENTIALS

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

PEL's R &D facility is recognized by the Department of Scientific and Industrial Research (DSIR), Government of India, as an established research centre. It is also recognized as a research base for Ph.D. work by the Gulbara University, Gulbarga, Karnataka. PEL's laboratory is accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL). PEL also has a collaboration with IIT, Madras and BITS Pilani, Hyderabad for research and development in high energy materials.

CREDENTIALS

1st in India

To develop indigenous IP for manufacturing explosives and first private sector company to manufacture solid propellants for India's prestigious missile programmes.

To design and develop Air Target Imitator (ATI) with registration from DGQA

1st in the world

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

People

Technocrats at the helm of affairs having a vision for development of intellectual properties in high energy materials, assisted by a team of highly trained manpower in handling those high energy chemicals

Esteemed Clients

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

Developed

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

Solid propellants for Air to Air missiles and Sledge motors.

Stable combustion composition for LRSAM propellant.

Pyrogen igniters for Advanced Naval Systems Program

Production under TOT

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

Collaborations

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

Business Verticals

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

CHAIRMAN'S REVIEW

Dear Members

Welcome to the annual report of your company for the year 2018-19!

A few months ago elections were over and a more decisive government has been formed at the centre. This augurs well for the country in general. One particular point I would like to mention is, while there has been part-time defence minister initially in the previous government, now there is a full time defence minister. I am hopeful of a proactive approach in defence indigenisation and other areas.

Financials

During FY19, your company earned a profit after tax of ₹ 1172.55 lakhs compared to ₹ 873.41 lakhs during FY18, which resulted in higher EPS of ₹ 11.00 for the current year as against ₹ 8.42 for the previous year. This improvement in profit is despite decline in operating revenue to ₹ 24093.35 lakhs in FY19 from ₹ 26590.85 lakhs in FY18, mainly contributed by lower consumption of raw materials and increase in the price of certain commercial products. Decline in top line is affected by factors like long delay in receipt of defence orders, especially for Chaff.

Key developments

As mentioned in last year annual report, your company supplied Chaffs to Indian Air Force in FY18 and your company is the first Indian company to have supplied these products. Again now in June 2019 your company received a repeat order for Chaff for an amount of ₹ 100.08 crores, including taxes. This is the largest single defence order received by your company.

Your company recognised the business opportunity in countermeasures like Chaff and Flare and has been working to enhance its presence in that vertical, including obtaining manufacturing licenses from foreign OEM, collaborating with defence laboratories, product development agreement with defence forces, etc.

In June 2019 we received repeat order for Chaff for an amount of ₹ 100.08 crores, including taxes. This is the largest single defence order received by your company.

Obtaining quality approvals for indigenously developed defence products has been a long process, much beyond our expectations and your company's Air Target Imitator is awaiting orders after getting approval from MSQAA.

Tenders for supply of Bi-modular charge systems (BMCS) and ammunition, in which your company participated, are yet to be opened. Your company believes new government would expedite the tender process.

On commercial explosives front, it is heartening to note that India's production of coal during 2018-19 was 8.1% higher than in 2017-18. Expecting this growth to continue, your company is hopeful of improvement in its commercial explosives business.

New projects

Your company's' Greenfield project at Katepally, near Hyderabad, is in advanced stage of completion. This project will house facilities for manufacture of solid propellants, RDX, HMX, mines, war heads and other defence products.

First phase started on 4th July, 2019 with the inauguration of Ammonium Perchlorate Processing Building by Deputy Chief Controller of Explosives, Hyderabad Mr. S.M.Kulkarni. Inspection of other process and storage buildings of Propellant Plant also has been conducted that day.

During the year, your company obtained Transfer of Technology for manufacture of solid propellant for Brahmos missile and the induction of technology is in progress.

A new government has been formed at Andhra Pradesh in June 2019 and your company initiated a fresh dialogue for allotment of land at Sriharikota for setting up solid propellant plant.

Going forward

Stepping into FY20 we see encouraging signs of our indigenisation efforts which are expected to deliver better results. I would like to share a few important points at company level and defence ecology level that would help our defence foray in FY20 and later:

- As the Katepally unit is now ready, your company is preparing for manufacture of solid propellant for satellite launch vehicle of ISRO.
- MRSAM missile crossed the 'development' phase and entered 'induction' phase. Order flow for solid propellant for missiles started with initial order for ₹ 14.99 crores.
- Development of prototype propellant for an Israeli customer is in final stage and getting ready for production schedule.
- Your company is awaiting order from Indian Air Force for supply of Air Target Imitator. Enquiries are received from other wings of defence also.
- Astra, Brahmos, Pinaka and other missiles / rocket offer good potential and your company is waiting for the fertile time.
- Your company bagged a substantial value order from IAF for supply of countermeasures under OEM certification.
- Your company developed coloured smoke markers and received initial orders from Telangana Police. One export order also has been received from UK.
- To meet the requirement of smoke generators, signalling flares and Identification of Friend and Foe (IFF) flares, your company has developed different colours compositions and supplied to Indian Navy and paramilitary forces.
- Your company has signed a Memorandum of Agreement (MoA) with IAF for development of NATO origin countermeasures under "Make in India" category II. These would replace East European countermeasures and adapt to NATO CMDS (Counter Measure Dispensing System) which have been developed by Bharat Dynamics Limited. On successful trials and acceptance by IAF we foresee to be self reliant and fulfil countermeasures requirement of IAF.
- Your company is awaiting the opening of tenders for BMCS and ammunition.

On commercial explosives front, it is heartening to note that India's production of coal during 2018-19 was 8.1% higher than in 2017-18. Expecting this growth to continue, your company is hopeful of improvement in its commercial explosives business.

Modernization of the armed forces and indigenization of manufacturing have emerged as focus areas, including the 'Make in India' program. This is an opportune time to embark upon a new phase of self-reliance in the defence manufacturing with technologically advanced processes within India.

Ph.D. for your company's employees

I am proud to share with you that in March 2019 two of our employees have been awarded Ph.D. by Gulbarga University for their theses related to high energy chemicals.

SME Award

I am happy to tell you that your company has received "SME- Empowering India Awards 2019" in the "Defence & Aerospace (Mid- Corporate)" category. I and my colleague Mr. T.V.Chowdary are privileged to have received the award from Hon'ble Union Minister of Steel, Chaudhary Birender Singh, at a ceremony held in New Delhi on 5th March, 2019.

This award scheme is intended "to recognize the contribution of such SMEs who through their achievements and growth have empowered the nation".

I take this opportunity to thank all my co-shareholders, co-employees, banks, customers, suppliers and other stakeholders who have been the partners in our long journey.

Yours sincerely

Dr. A.N.Gupta

Chairman and Managing Director

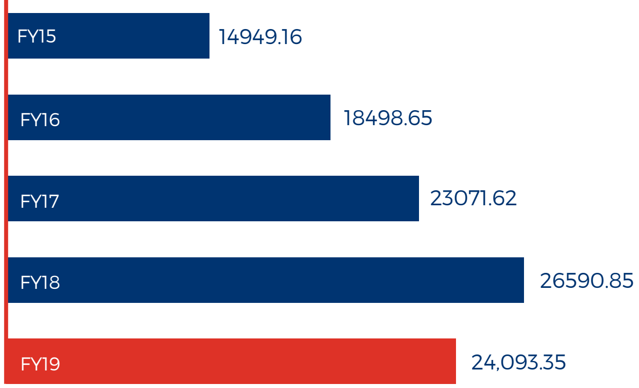
Following big picture developments in defence sector are expected to be helpful to your company's business in the coming years:

- India is in the process of acquiring the National Advanced Surface to Air Missile System II (NASAMS-II) from the US to create multi-layered shields over Delhi and Mumbai. This involves procurement of quite a few missiles.
- The government announced 'Open General Export License' scheme which is expected to boost defence exports from India. The scheme also aims at streamlining export permissions process.
- 'Roadmap of DRDO' has been launched outlining its target for next ten years. Releasing the roadmap in June 2019, Raksha Mantri stated the roadmap would drive cutting-edge technologies and promote collaboration of DRDO with academia and industry.

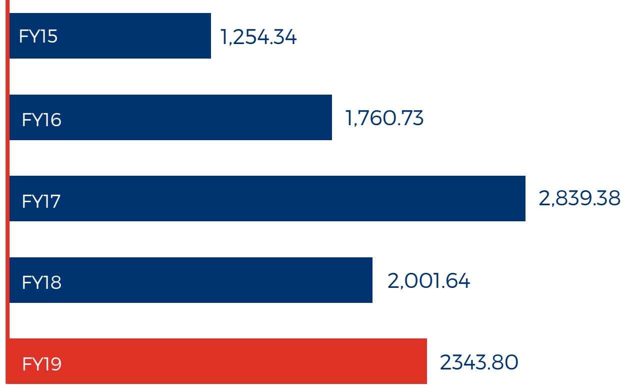
FINANCIAL HIGHLIGHTS

(₹ in lakhs)

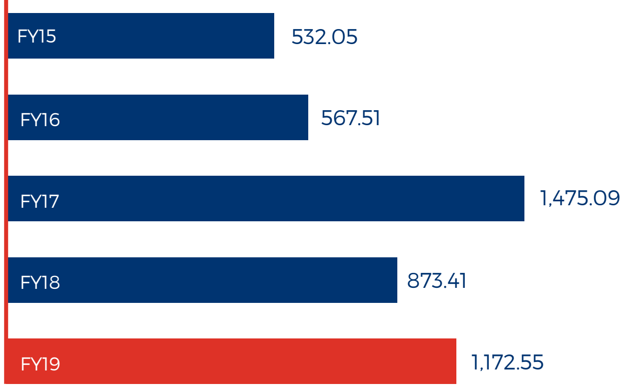
REVENUE



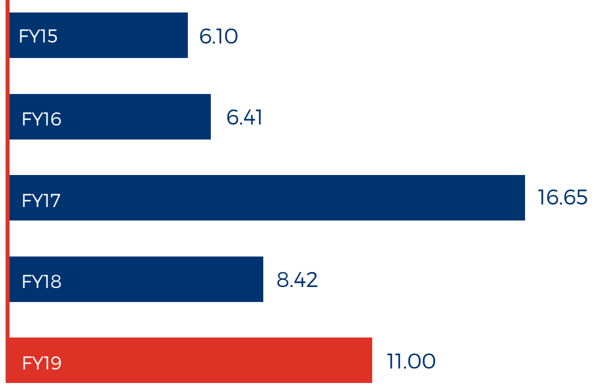
EBIDTA



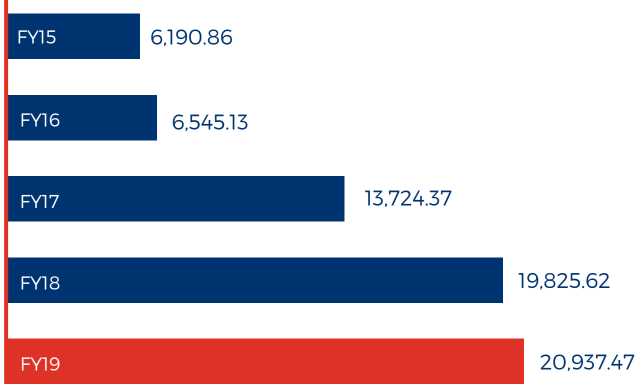
PAT



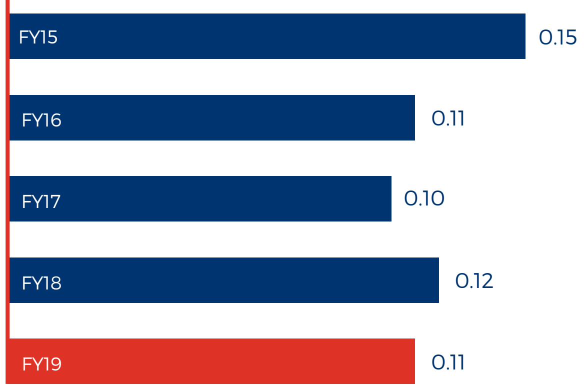
BASIC EPS (₹)



NETWORTH



DEBT EQUITY (Ratio)



10 YEARS
AT A GLANCE

(₹ in lakhs)

Statement of Profit and Loss	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Operating revenue (net of excise duty)	**24,093.35**	26,590.85	23,071.62	18,498.65	14,949.16	14,540.38	10,940.10	10,831.53	9,438.36	8,888.85
Other income	**259.03**	220.49	66.82	46.45	74.04	140.67	206.47	169.89	204.33	173.59
Total revenue (net)	**24,352.38**	26,811.34	23,138.44	18,545.10	15,023.20	14,681.05	11,146.57	11,001.42	9,642.69	9,062.44
EBIDTA	**2,343.80**	2,001.64	2,839.38	1,760.73	1,254.34	1,626.20	968.57	1,738.65	1,617.47	2,166.77
Other income	**259.03**	220.49	66.82	46.45	74.04	140.67	206.47	169.89	204.33	173.59
Depreciation	**(418.91)**	(363.35)	(346.42)	(332.39)	(330.07)	(235.22)	(214.50)	(186.66)	(176.61)	(147.65)
Finance costs	**(552.27)**	(514.84)	(437.33)	(374.49)	(236.08)	(236.15)	(179.89)	(101.62)	(140.21)	(153.24)
Profit before exceptional items and tax	**1,631.65**	1,343.94	2,122.45	1,100.30	762.23	1,295.50	780.65	1,620.26	1,504.98	2,039.47
Exceptional items	**-**	-	58.15	(269.46)	-	-	(37.06)	39.20	-	(740.97)
Profit before tax	**1,631.65**	1,343.94	2,180.60	830.84	762.23	1,295.50	743.59	1,659.46	1,504.98	1,298.50
Tax	**(459.10)**	(470.53)	(705.51)	(263.33)	(230.18)	(374.19)	(209.67)	(465.36)	(503.46)	(704.18)
Profit for the year	**1,172.55**	873.41	1,475.09	567.51	532.05	921.31	533.92	1,194.10	1,001.52	594.32
Other comprehensive income (net)	**(81.32)**	(78.76)	-	-	-	-	-	-	-	-
Total comprehensive income	**1,091.23**	794.65	1,475.09	567.51	532.05	921.31	533.92	1,194.10	1,001.52	594.32
EBIDTA / Operating revenue	9.7%	7.5%	12.3%	9.5%	8.4%	11.2%	8.9%	16.1%	17.1%	24.4%
PBT / Total revenue	6.7%	5.0%	9.4%	4.5%	5.1%	8.8%	6.7%	15.1%	15.6%	14.3%
PAT / Total revenue	4.8%	3.3%	6.4%	3.1%	3.5%	6.3%	4.8%	10.9%	10.4%	6.6%

Balance sheet	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Non-current assets										
Fixed assets and Intangible assets	**14,516.27**	12,839.47	12,531.64	6,358.83	6,188.84	5,790.31	5,207.03	4,620.96	4,124.74	3,635.50
Depreciation and Amortisation	**(3,268.54)**	(2,849.93)	(2,495.60)	(2,413.78)	(2,090.47)	(1,675.68)	(1,449.81)	(1,310.14)	(1,171.72)	(1,089.74)
Capital work in progress	**3,482.52**	1,579.17	368.96	241.82	41.40	166.17	91.69	119.53	43.73	-
	14,730.25	11,568.71	10,405.00	4,186.87	4,139.77	4,280.80	3,848.91	3,430.35	2,996.75	2,545.76
Investment property	**8.02**	8.02	8.02							
Investments	**531.00**	531.00	526.00	525.00	520.00	520.00	520.00	45.00	45.00	147.53
Other non-current assets	**1,087.32**	730.20	630.23	511.46	329.93	407.87	548.48	828.86	573.54	375.61
Current assets	**13,233.78**	17,779.77	10,482.90	7,745.98	6,336.75	5,524.17	4,073.08	3,503.28	3,041.93	2,815.28
Total assets	**29,590.37**	30,617.70	22,052.15	12,969.31	11,326.45	10,732.84	8,990.47	7,807.49	6,657.22	5,884.18
Share capital	**1,075.22**	1,063.71	885.86	885.86	885.86	835.86	812.75	812.70	812.55	812.39
Other equity / Resesrves and surplus	**19,862.25**	18,613.11	12,838.51	5,659.27	5,305.00	4,809.80	4,032.93	3,736.73	2,778.77	2,000.14
Share warrants		148.80	-	-	-	77.21	-	-	-	-
Networth	**20,937.47**	19,825.62	13,724.37	6,545.13	6,190.86	5,722.87	4,845.68	4,549.43	3,591.32	2,812.53
Non-current liabilities										
Liabilities and provisions	**972.63**	1,088.14	1,017.50	338.86	316.02	515.10	593.29	423.27	312.12	416.54
Deferred tax liability	**1,410.28**	1,354.17	339.01	408.50	587.27	638.59	562.56	484.26	474.18	415.90
Current liabilities	**6,269.99**	8,349.77	6,971.27	5,676.82	4,232.30	3,856.28	2,988.94	2,350.53	2,279.60	2,239.21
Equity and liabilities	**29,590.37**	30,617.70	22,052.15	12,969.31	11,326.45	10,732.84	8,990.47	7,807.49	6,657.22	5,884.18
Return on capital employed	**9.4%**	8.3%	17.4%	16.5%	14.1%	22.3%	15.4%	32.3%	37.6%	39.8%
Return on networth	**5.2%**	4.0%	10.7%	8.7%	8.6%	16.1%	11.0%	26.2%	27.9%	21.1%
Debt / equity	**0.11**	0.12	0.10	0.11	0.15	0.20	0.24	0.20	0.22	0.30
Current ratio	**2.11**	2.13	1.50	1.36	1.50	1.43	1.36	1.49	1.33	1.26

Per share	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Book value per share - ₹	**194.73**	184.98	154.93	73.88	69.89	67.54	59.62	55.98	44.19	34.60
Earnings per share - ₹	**11.00**	8.42	16.65	6.41	6.10	11.25	6.57	14.69	12.33	7.32
Dividend per share - ₹	**2.70**	2.50	3.00	2.00	2.00	2.70	2.50	2.50	2.00	2.00
No. of shareholders	**10,428**	10,258	9,715	9,085	8,811	5,895	6,135	6,307	7,306	6,911

Note: Figures from 2017-18 are as per Ind AS

FROM THE DESK OF
DEPUTY MANAGING DIRECTOR

Defence / space – macro factors

- Previously there were frequent changes at the helm of defence ministry. This important ministry in the new government is expected to be consistent expediting the 'Make in India' in defence procurement.
- In July 2019 USA Senate has passed The National Defence Authorisation Act (NDAA) which brings India at par with America's NATO allies and countries like Israel, Australia, Japan and South Korea for increasing defence cooperation. The move will also ease export controls for high technology product sales to India.
- 'Open General Export License (OGEL)' scheme is about to be launched by Government of India. This will simplify export procedures and would create enabling environment for manufacture of quality products at competitive cost in India. Even before launch of this scheme, Premier Explosives Limited has already obtained orders for development and manufacture of solid propellants from Israel. OGEL is expected to help the company getting and executing export orders quickly. In July 2019 the Finance Commission has been tasked to "address serious concerns regarding the allocation of adequate, secure and non-lapsable funds for defence and internal security of India", showing the importance being given for defence.

Major defence orders

- Received order for Operations and Maintenance (O&M) services at SHAR, ISRO, Sriharikota. This contract is for ₹ 213.58 crores (including GST) spanning a period of 10 years.
- We have received an order for ₹ 29.06 cores (including GST) from NLC India Limited for supply of bulk explosives. This order is to be executed during the period March 2019 to August 2021.
- Received order from Indian Air Force for supply of Chaff worth ₹ 100.08 crores. This is the largest single order received by the company for defence supplies.
- Received order from Bharat Dynamics Limited for supply of solid propellants for MRSAM worth ₹ 14.99 crores. MRSAM is under induction at Indian Army and this is the first order after completion of 'development' of the missile by Israel Aerospace Industries, Israel and DRDO, India. Currently PEL is the supplier of solid propellant for this missile.

Capex

During the year we have invested an amount of ₹ 1243.80 lakhs on acquisition of fixed assets and ₹ 3465.67 lakhs have been spent on capital work in progress. As at the end of FY2019, CWIP stood at ₹ 3482.52 lakhs which is expected to be capitalised during the second quarter of 2019-20.

Currently, the new project at Katepally is in advanced stage of completion. Ammonium Perchlorate processing plant has been inaugurated in July 2019. Explosives licenses have been received for a few of the facilities.

An amount of ₹ 434.46 lakhs has been spent on intangible assets, mainly towards transfer of technology for Brahmos missile propellant.

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Bids for ammunition

Your company submitted Bids for supply of Bi-Modular Charge Systems (BMCS) and 30mm grenades in April 2018 and Ministry of Defence (MoD) is yet to finalise those tenders. The successful bidders would be awarded with 10 years contracts.

R&D

During the year two of our employees at the Peddakandkukuru factory have been awarded Ph.D. by Gulbarga University for their theses on "Studies on some important High Energy Materials and their application" and "Synthesis and study of Copper Chromite in High Energy reactions". These first two Doctoral degrees are the outcomes of Memorandum of Understanding between the Gulbarga University and Premier Explosives Limited.

Capex for TOT
₹ **434.46**
lakhs

BOARD OF
DIRECTORS

1 | **Dr. A Venkataraman**
Independent Director

2 | **Gen P.R. Kumar (Retd.)**
Director

3 | **T V Chowdary**
Deputy Managing Director

4 | **Y. Durga Prasad Rao**
Director Operations
(from 10.8.2019)

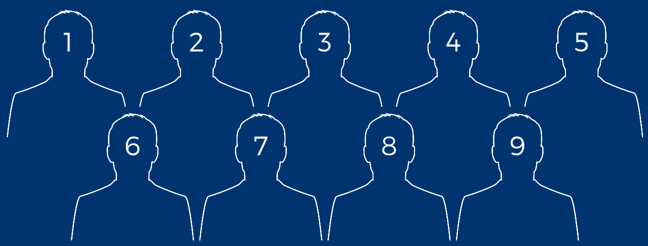
5 | **Anil Kumar Mehta**
Independent Director

6 | **P R Tripathi**
Independent Director

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

8 | **Dr. A.N.Gupta**
Chairman & Managing Director

9 | **K Ramarao**
Independent Director



1 **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.

2 **Gen P.R. Kumar (Retd.)**
Director

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

3 **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.

4 **Y. Durga Prasad Rao**
Director Operations
(from 10.8.2019)

A mechanical engineer having 34 years experience in manufacture of explosives, propellants, refractories and also in factory management

5 **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.

6 **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).

7 **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.

8 **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.

9 **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

SENIOR
MANAGEMENT

Dr. A.N.Gupta
Chairman & Managing Director

T V Chowdary
Deputy Managing Director

Y. Durga Prasad Rao
Director Operations
(w.e.f. 10.08.2019)

C. Subba Rao
Chief Financial Officer

K. Vijayashree
Company Secretary

Col Shailendra Pathak (Retd)
Vice President Marketing

R P Sharma
Vice President

Y. Krishna Rao
Vice President (Accounts)

Ajit Chepe
Vice President Marketing

CORPORATE INFORMATION

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

T.V. Chowdary
(Deputy Managing Director)

Dr. (Mrs) Kailash Gupta
P.R. Tripathi
Anilkumar Mehta
K. Rama Rao
Dr. A. Venkataraman
Gen P.R. Kumar (Retd)

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

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

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

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

Company Secretary & Compliance Officer
Vijayashree K.

Chief Financial Officer
C. Subba Rao

Independent Auditors
Majeti & 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
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad – 500 032

Corporate Identification Number
L24 110TG 1980 PLC 002633

Plants
Detonator, Detonating fuse, Packaged explosives, product research & special products divisions
Peddakandukuru (Telangana)
Greenfield project at Katepally (under construction)
Solid propellants, RDX/HMX, ammunition, warheads, mines bombs

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

Listing
BSE & NSE

Investor Relations Agency
Stellar IR Advisors Pvt. Ltd.
B-707, Kanakia Wall Street,
Chakala, Andheri Kurla Road,
Andheri (East), Mumbai 400 093

People
Premier's workforce consists of 1,075 number of people across its locations.

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

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

Defence Products
Solid propellants, Tear gas grenades, Explosive bolts, Pyro actuators, Smoke markers, Chaffs and Flares, High energy materials for defence use

Commercial Explosives
Bulk explosives, Packaged explosives,
Cast booster, Emulsion booster
Detonators, Detonating fuse,
High energy materials for industrial use

CORPORATE
SOCIAL RESPONSIBILITY

Healthcare

In India 90% elders have to work in order to survive and for many quality medical care is a far dream. 88% of the Oldest Old (80+) suffer from chronic ailments such as hypertension, asthma, arthritis, heart problems etc. As a social responsibility towards our elderly Premier Explosives supports HelpAge's Mobile Healthcare program under which sustainable healthcare solutions is provided to destitute elders Each MHU has a doctor, pharmacist and a social worker. For most elders it saves them from the long lines at hospitals which are also situated far from their communities and they get free medication on a monthly basis. Their Individual patient card keeps a record of their treatment and helps monitor their progress

The MHU sponsored by Premier Explosives operates in Yadagirigutta in the Telangana State.

During the year 2018-19 your company has spent an amount of ₹ 39.90 lakhs (₹ 33.19 lakhs in previous year) on CSR activities, against the minimum mandatory amount of ₹ 36.23 lakhs, being 2% of average profit for the last three years.

FY19 CSR Spend
₹ **39.90**
Lakhs

FY19 Healthcare Impact
23,301
Treatments

Common ailments treated through Mobile Medical Unit

- Hypertension
- Joint pain
- Osteoarthritis
- Diabetes
- Dyspepsia
- Fatigue
- Musculo-skeletal pain
- Cough
- Asthma
- Allergy
- Fever
- Anemia
- Constipation

Hemophilia

Haemophilia is a genetic disorder that impairs body's ability to clot the blood. There is no long-term cure for this disorder. Treatment and prevention of bleeding episodes is done primarily by intravenous transfusion of blood clotting factors.

Gene therapy appears to be the ultimate cure, but it is not as simple as was first thought. Yet because of its special characteristics, hemophilia is likely to be among the first genetic diseases to be successfully treated.

There are about 17,000 hemophiliacs in India suffering from this rare disease and the medication is very expensive and beyond their reach.

Hemophilia Federation India (HFI) is a self-help NGO run by Persons with Hemophilia themselves and is the only organization in India that provides structured training to medical and paramedical practitioners.

Premier Explosives Limited is moved by the plight of those patients and contributed a bit to HFI in its endeavours towards locating the undiagnosed persons and providing subsidized treatment.

Training of special children

PEL has been supporting education and training of physically and mentally challenged children through the organisations that have been working in this field.

Dialysis at affordable cost

There is increasing number of people requiring dialysis but many of them in low / middle income group cannot afford the treatment in commercial hospitals. Not-for-profit organisations like Bhagwan Mahavir Jain Relief Foundation have been providing quality dialysis services by charging nominal amounts.

Premier Explosives Limited has been contributing towards those health initiatives as part of its Corporate Social Responsibility.

AWARDS
AND ACCOLADES

Dr. A.N.Gupta, Chairman & Managing Director and Mr. T.V.Chowdary, Deputy Managing Director receiving SME Empowering India Award 2019 from Honourable Union Minister of Steel, Chaudhary Birender Singh, at a ceremony held in New Delhi on March 5, 2019.

Premier Explosives Limited has been selected for SME-Empowering India Awards 2019 in the Defence & Aerospace (Mid-Corporate) category.

This award scheme is intended to recognise the contribution of such SMEs who through their achievements and growth have empowered the nation.

MANAGEMENT DISCUSSION & ANALYSIS

1. Macroeconomic review

As per provisional estimates of Ministry of Statistics and Programme Implementation, Gross Domestic Product (GDP) for the year 2018-19, at constant prices (2011-12), was ₹ 140.78 lakh crore showing a growth of 6.8% over ₹ 131.80 lakh crore for 2017-18.[1]

De-monetisation and GST became things of past now and the economy is adjusted to new reality without negative effects.

Decisive governments have been formed at centre and a few states. This is expected to help focus on policy formulation and implementation.

At global level, neither USA nor China is willing to back down from imposition of tariffs and the dispute may lead to the largest trade war in economic history. India also is affected with its own disputes with US regarding tariff on certain items.

However, during their meeting in June 2019, on the sidelines of the G20 summit in Osaka, Japan, US and China agreed to resume talks on trade and tariffs. This is a welcome respite for global markets.

2. Operating environment

The company's operating environments primary consists of two customer groups, namely, defence and mining / infrastructure. Defence sector is influenced by factors such as relationships with neighbours, tensions at borders, political resolve towards national security, defence budget, modernisation of defence equipment, indigenization, etc. whereas the mining sector is driven by growth in general economy, mining policies, creation of road and power infrastructure, demand for housing, etc.

Premier explosives Limited is a manufacturer and supplier of missile propellants, coloured smoke products, counter measure products like Chaffs / flares, tear gas grenades, pyro devices and allied items to Indian defence establishments. The company is also a supplier of commercial explosives to coal miner like Coal India Ltd, Singareni Collieries Limited, and Neyveli Lignite Limited.

A. Defence explosives – key drivers

a) National Advanced Surface to Air Missile System II (NASAMS-II)

India is in the process of acquiring the NASAMS-II from the US to create multi-layered shields over Delhi and Mumbai. This is expected to create demand for solid propellants for missiles.

b) 'Open General Export License' scheme

'Open General Export License' scheme about to be launched by Government of India is expected to boost defence exports from India by reduction of the process of taking permission from the government. It is expected the initiative would help defence products becoming qualitatively better, diversified and internationally competitive.

Your company has already obtained orders for development and manufacture of solid propellants from Israel and OGEL would help the company to increase its footprints across the globe.

c) Increasing defence exports

Defence exports increased to ₹ 10,745 crores in 2018-19 from ₹ 4,682 crores in 2017-18. It is expected to move up exponentially with higher export focus of defence ministry and with the open general export licence plan.

New Defence Minister's export focus is expected to open up opportunities for your company in the coming years.

d) 'Roadmap of DRDO'

'Roadmap of DRDO' encapsulating its target for next ten years has been released by Raksha Mantri in June 2019. The newly appointed Defence Minister is expected to drive cutting-edge, state-of-the-art technologies and collaboration with academia and industry to focus on flagship national defence programmes.

Your company has been closely working with DRDO for the past many years and the Roadmap wil help the company to align itself with DRDO's initiatives.

e) Bill passed in US Senate to bring India on a par with NATO allies

In July 2019, US Senator has passed a legislative provision that brings India at par with America's Nato allies and countries like Israel and South Korea for increasing defence cooperation.

The move signals a big shift in Indo-US relations and will make it possible for the US to fulfil India's operational requirements in quick time.

The Major Defence Partner status, when granted, allows US to move on sales of highly sensitive military items to India.

f) India's missile programmes and your company's contribution therein

Your company has been working with various defence entities towards indigenisation of national missile programs. Following table gives details of missiles for which PEL has been supplying solid propellants.

Missile	Type	Stage	Order from	End user	PEL's contribution
Akash	Tactical, Surface to Air	Production	Bharat Dynamics Limited (BDL)	Indian Air Force and Indian Army	Supplied 2000+ booster grains and 450+ sustainer grains
LRSAM	Tactical, Surface to Air	Development	DRDO	Indian Navy	100% requirements of solid propellants
MRSAM	Tactical, Surface to Air	Production from 2019	DRDO / BDL	Indian Army	100% requirements of solid propellants
Astra	Tactical, Air to Air	Development	DRDO	Indian Air Force	100% requirements of solid propellants
Agni IV	Ballistic	Production	Advanced Systems Laboratory	Strategic Forces Command	Pyrogen igniter
Brahmos	Cruise Air launched Anti-ship, Land attack	Production	HEMRL	Indian Air Force, Indian Navy and Indian Army	Transfer of technology is under induction

g) PEL's other defence and space products

In addition to missile area, PEL has been working with defence and space entities in the national indigenisation effort with the following products:

Product	Type	Order from	Status
Strap on motor for satellite launcher	Solid propellant	ISRO	One motor supplied and successfully test-fired. Expecting further order
Mines	Munition device that detonates by way of pressure when a target steps on it or drives over it	DRDO	Under DGQA and Indian Army trials
Chaff	Counter measure	Indian Air Force	Executed one order in 2018 and received another in 2019 Entered into Memorandum of Agreement with Indian Air Force for development and manufacture under 'Make in India'
IR flare	Counter measure	Indian Air Force	Order received, technology obtained and about to commence production
Smoke flare	Signalling device	Indian Navy, Para Military Force	Supplies going on
Pyro cartridges	Initiators for missiles and other projectiles	ISRO Bharat Dynamics Limited	Supplies going on
Water cannon disruptor	Neutralising IEDs	Para Military Force	Supplies going on
Mob control device	Tear gas grenades and shells	Para Military Force, State Police	Supplies going on

B. Commercial explosives – key drivers

a) Pan-India production of explosives[2]

Product	UoM	2016-17	2017-18*	Growth
SMS explosives	tons	8,02,238.11	8,37,593.47	4%
Cartridge explosives	tons	4,09,488.87	4,75,930.79	16%
Boostex and PETN	tons	9,079.65	9,165.40	1%
Safety fuse	mn mtr	53.26	58.952	11%
Detonating fuse	mn mtr	612.83	675.038	10%
Detonators	mn no	1,120.73	985.17	-12%

** 2018-19 details yet to be available*

b) Production of coal in India[3]

All India Production of coal during 2018-19 was 730.354 MT, 8.1% higher than 675.40 MT in 2017-18.

Coal India Limited (CIL) and its subsidiaries produced 606.887 MT of coal in 2018-19 compared to 567.36 MT in 2017-18, a growth of 7%.

Singareni Collieries Company Limited (SCCL), the main source for supply of coal to the southern region, produced 64.404 MT of coal in 2018-19 compared to 62.01 MT in 2017-18, a growth of 4%.

Despite increase in domestic production, India needed to import 235.24 MT in 2018-19 which is 13% higher than 208.27 MT imports in 2017-18.

c) National mineral policy 2019

In March 2019, union cabinet approved National mineral policy 2019 which aims to augment mineral output by 200 per cent in seven years. It also focuses on raising the share of mining in the country's GDP through large scale exploration with priority to deep-sea minerals, and by assisting in getting the necessary clearances.[4]

Salient features of the policy include[5]:

- Ease M&A of mining entities
- Enhance private sector role in exploration
- Allow transfer of mining leases & creation of dedicated mineral corridors
- Grant industry status to mining
- Boost finance for mining & acquisition of foreign mineral assets by private sector
- Harmonise tax, mining levy & royalty rates to global benchmarks

The new policy is expected to increase mining output and thus generate demand for explosives.

d) Coal dominance to continue to power

As per the analysis of Central Electricity Authority (CEA) released in July 2019, coal would account for half of India's power generation in 2030. Intermittent nature of renewable power from solar and wind sources is the reason for dependence on coal to meet power requirements.

3. Outlook

Greenfield project at Katepally is in advanced stage of completion. Your company can manufacture solid propellants, RDX, HMX, Mines and Warheads at this plant.

Cost of this plant is funded from the amounts raised by QIP and Preferential Allotment, without availing any debt.

4. Segment-wise performance

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

5. Financial analysis

Generally accepted accounting principles:

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

Performance:

Current year's net operating revenue was ₹ 24093.35 lakhs compared to ₹ 26590.85 lakhs during 2017-18. Profit before tax was ₹ 1631.65 lakhs compared to ₹ 1343.94 lakhs last year.

Profit after tax at ₹ 1172.55 lakhs improved by 34% over previous year's ₹ 873.41 lakhs. Thus the resultant EPS of ₹ 11.00 was higher by 31% over ₹ 8.42 for the year 2017-18. During the year, Company's profitability improved despite the decline in the top-line on the back of higher margin products in defence and increase in pricing of certain commercial products.

Financial position:

During the year, the company converted 1,15,100 warrants into equal number of equity shares of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398, to promoters (1,00,100 shares) and others (15,000 shares).

Thus the equity share capital increased to ₹ 1075.22 lakhs from ₹ 1063.71 lakhs.

Further, the company forfeited 20,000 warrants as the warrant-holders did not pay the balance 75% after paying initial 25% amount. Thus an amount of ₹ 20.40 lakhs has been credited to Capital Reserve.

Key financial ratios:

	2018-19	2017-18	Change
Debtors turnover	3.70	2.73	*36%*
Inventory turnover	7.52	7.45	*1%*
Interest coverage ratio	3.95	3.61	*10%*
Current ratio	2.11	2.13	*-1%*
Term loan / Networth	0.03	0.04	*-21%*
Operating profit margin (%)	9.73%	7.53%	*29%*
Net profit margin (%)	4.81%	3.26%	*48%*

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	To mitigate this risk, the company is exploring new markets including export markets.
	which have not been faring well in recent times. Further, there has been intensive competition in the industry with entry of new units.	The company is also focusing on defence products which are expected to grow into a reasonably large stream of revenues to add diversity to the product portfolio.

Risk	Description	Mitigation
Safety risks	Both raw materials and finished goods are high risk items during production and handling.	Apart from strict adherence to mandatory safety measures, the company has developed an alternative chemical compound as primary explosive in production of detonators. This alternative chemical is less sensitive to friction and hence is safer than its traditional counterpart. The company which is already an ISO 9000 compliant for commercial products is now implementing AS 9100 C for defence / aero products. The company gives utmost priority for the safety of its employees as well as the manufacturing assets. These measures are expected to make the systems function in accordance with safety standards.
Raw material price risks	Ammonium nitrate and fuel oil form major part of raw materials in manufacture of explosives and those raw material prices are influenced by international Dynamics.	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

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 1,075 employees as on March 31, 2019 (1,130 a year ago). Relations between the management and employees have been cordial. Employees have been imparted training in their respective areas for better performance. The management acknowledges the contributions made by each and every employee and records its appreciation for the cooperation extended by them at all levels.

Dr. A.N. Gupta
Chairman & Managing Director

Secunderabad
10.08.2019

References:

1. (http://www.mospi.gov.in/sites/default/files/press_release/Press%20Note%20PE%202018-19-31.5.2019-Final.pdf)
2. www.peso.gov.in
3. https://coal.nic.in/content/production-and-supplies
4. //economictimes.indiatimes.com/articleshow/69773377.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
5. //economictimes.indiatimes.com/articleshow/68221785.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

DIRECTORS' REPORT

Dear Members

Your directors are pleased to present the 39th annual report including the audited financial statements of your company for the year ended March 31, 2019.

(₹ in lakhs)

	Standalone		Consolidated	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Profit for the year				
Operating revenue	24093.35	26590.85	25303.19	27458.90
Other income	259.03	220.49	264.79	222.52
Total revenue	24352.38	26811.34	25567.98	27681.42
EBIDTA	2343.80	2001.64	2322.84	1955.89
% to Operating revenue	9.73%	7.53%	9.18%	7.12%
Profit before tax	1631.65	1343.94	1580.92	1,264.12
Profit after tax	**1172.55**	**873.41**	**1126.65**	**801.25**
% to Total revenue	4.81%	3.26%	4.41%	2.89%
EPS (₹)	**11.00**	**8.42**	**10.57**	**7.72**
Appropriations				
Retained earnings at beginning of the year	**9792.72**	**9303.39**	**9856.24**	**9425.40**
Profit for the year	**1172.55**	**873.41**	**1126.65**	**801.25**
Non-controlling interest	-	-	8.88	13.67
Dividend paid for previous year and tax thereon	(320.59)	(384.08)	(320.59)	(384.08)
Retained earnings at end of the year	**10644.68**	**9792.72**	**10671.18**	**9856.24**

2. State of affairs

During the year your company's EBIDTA increased to ₹ 2343.80 lakhs from ₹ 2001.64 lakhs, aided by product-mix and higher prices of few products.

Consequently, profit after tax also increased to ₹ 1172.55 lakhs from ₹ 873.41 lakhs.

During the year under review, your company's earned operating revenue was ₹ 24093.35 lakhs as against ₹ 26590.85 lakhs during previous year.

3. Operations

Production of Bulk explosives was 41,612 tonnes compared to previous year's 43,397 tonnes, in an ongoing exercise to reduce low margin business.

Production of detonators was 29.26 million pieces as against 49.79 million pieces in previous year.

Operations & maintenance contracts at Sriharikota and Jagdalpur have been satisfactory. In July 2018, your company has completed the 11-year contract at Sriharikota and new 10-year contract commenced from January 2019.

4. Capital expenditure

During the year the company incurred a capital expenditure of ₹ 1243.80 lakhs for defence and non-defence products. There has been an increase of ₹ 434.46 lakhs in intangible assets, mainly transfer of technology fee for new missile propellant. Capital work in progress, mainly at Katepally Greenfield project, stands at ₹ 3482.52 lakhs as on March 31, 2019.

5. Dividend

Your Board, in their Board meeting held on May 18, 2019 has recommended a dividend of ₹ 2.70 per share (27%) and this proposal is subject to your approval at the ensuing Annual General Meeting.

6. Share capital and reserves

a) Share capital

Your company converted 1,15,100 warrants into equal number of equity shares of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398, to promoters (1,00,100 shares) and others (15,000 shares).

Thus the equity share capital increased to ₹ 1075.22 lakhs from ₹ 1063.71 lakhs.

b) Forfeiture of warrants

Your company forfeited 20,000 warrants as the warrant-holders did not pay the balance 75% after paying initial 25% amount. Thus an amount of ₹ 20.40 lakhs has been credited to Capital Reserve.

7. Deposits

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

8. **Material changes and commitments after the reporting period**

Subsequent to the reporting period, the company has received an order from Ministry of Defence for supply of Chaff valued at ₹ 100.08 crores, including GST amount. This is the largest single order ever received by the company from defence customers.

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

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

Incorporated on July 15, 2016 PELNEXT is expected to be operated as a special purpose vehicle in defence explosives business. The company incurred a net loss of ₹ 0.96 lakh during 2018-19 (Rs. 0.45 lakh during 2017-18).

As on 31st March, 2019, Premier Explosives Limited held 10,000 Equity shares in PELNEXT representing 100% of equity share capital.

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

PWPL is engaged in manufacture of Galvanised Iron (GI) Wire catering to the requirements of detonator-manufacturers including Premier Explosives Limited. The company's revenue for the year 2018-19 was ₹ 1334.63 lakhs and there was a loss of ₹ 44.43 lakhs (Revenue of ₹ 1035.66 lakhs and loss of ₹ 68.33 lakhs during previous year).

As on 31st March, 2019, Premier Explosives Limited held 52,00,000 Equity shares in PWPL representing 80% of their equity share capital.

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

This joint venture is yet to commence commercial operations. The company incurred a net loss of ₹ 0.52 lakh during 2018-19 (Rs. 0.72 lakh during the year 2017-18).

Your company and Kalyani Strategic Systems Limited, each hold 1,00,000 equity shares in the share capital of BFPES, as on 31st March, 2019.

d) **Consolidated financial statements**

Your company has prepared consolidated financial statements in accordance with section 129 (3) of the Companies Act, 2013.

Details of consolidated entities are given in the Annexure 1, Form AOC-1: Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures.

10. **Future outlook**

Your company is focusing on business opportunities in defence sector. Few initial steps taken by previous government have been helpful but changes in guardianship of defence ministry, slower policy decisions and other factors have delayed the implementation to some extent. Now the new Government, formed with improved majority, is expected to give momentum towards systemic changes and modernisation of defence management. Such measures are expected to create conducive defence ecology wherein your company could raise its share.

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 March 31, 2019 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 2018-19 there were 4 Board meetings held on 23rd May 2018, 9th August 2018, 29th October 2018 and 23rd January 2019.

D. Board evaluation

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

E. Change in directors

a) Reappointment of Deputy Managing Director

Mr. T.V.Chowdary, whose term was expiring on June 30, 2019, had been re-appointed by the Board in its meeting held on May 18, 2019, subject to the approval of shareholders. The Board recommends his reappointment as Deputy Managing Director with effect from July 1, 2019 for a period of three years till June 30, 2022.

b) Reappointment of Independent Directors

Current term of Mr.P.R.Tripathi, Mr.Anil Kumar Mehta, Mr.K.Rama Rao and Dr.A.Venkataraman as Independent Director is expiring on August 12, 2019. The Board recommends their reappointment as Independent Directors with effect from August 13, 2019 for a term of five years till 12th August, 2024.

c) Rotation of director

Dr. (Mrs). Kailash Gupta, Non-executive, Non-independent Director retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment. The Board recommends reappointing her as a Director.

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

a) Criteria for appointment of directors

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

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

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

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

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

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

b) Policy on directors' remuneration

i. Policy

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

ii. Components of remuneration

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

iii. Fixed remuneration

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

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

<table>
<tr><th>Perquisite</th><th>Amount</th></tr>
<tr><td>Reimbursement of medical expenses for self and family / Medical allowance</td><td>Up to one month basic salary in a year to whom ESI is not applicable</td></tr>
<tr><td>Mediclaim and personal accident insurance</td><td>Reasonable coverage to whom ESI is not applicable</td></tr>
<tr><td>Leave travel allowancea</td><td>Workers - as per wage agreement
Others - one month basic salary.</td></tr>
<tr><td>Use of Company car with driver or reimbursement of driver salary, fuel, maintenance and insurance</td><td rowspan="3">For Directors-as recommended by Board and approved by Shareholders
For Management team-as approved by Committee of Whole time Directors</td></tr>
<tr><td>Telephone at home, Club fee</td></tr>
<tr><td>Gas, electricity, water, servant, security, gardener and soft furnishing.
(Up to 10% of basic salary)</td></tr>
</table>

vii. Increments

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

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

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

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

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

viii. Remuneration to independent and non-whole time directors

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

ix. Service contracts, notice period and severance fees:

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

None of the directors is eligible for severance pay.

G. Formal annual evaluation by the Board

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

12. Transfer of shares and unclaimed dividend to IEPF

As required under Section 124 of the Companies Act, 2013, 61,185 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund Authority (IEPF) during the financial year 2018-19. Details of shares transferred have been uploaded on the website of the Company.

Unclaimed dividend amount aggregating to ₹ 2,54,554/- pertaining to the financial year 2010-11 lying with the Company for a period of seven years was transferred during the financial year 2018-19 to the Investor Education and Protection Fund (IEPF).

13. Auditors

a) Independent auditors

The Members at the 37th Annual General Meeting of the Company held on September 27, 2017, had appointed M/s. Majeti & Co., Chartered Accountants (Firm Registration No. 015975S) as the Statutory Auditors of the Company to hold office for a term of five years, i.e., from the conclusion of the said Annual General Meeting until the conclusion of 42nd Annual General Meeting of the Company to be held in 2022, subject to ratification of their appointment by the shareholders, every year.

The Ministry of Corporate Affairs vide its Notification dated May 7, 2018, has dispensed with the requirement of ratification of Auditors' appointment by the shareholders, every year. Hence, from that date onwards, there is no requirement of shareholders' resolution for ratification of Auditors' appointment.

b) Internal auditors

M/s M. Venkata Ratnam & Associates, Chartered Accountants were the internal auditors for the year 2018-19 and they being eligible, the Board has re-appointed them for the year 2019-20.

c) Cost auditors

M/s S. S. Zanwar & Associates, Cost Accountants were cost auditors for 2018-19 and they being eligible, the Board has re-appointed them for the year 2019-20 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 2018-19 and he being eligible, the Board has re-appointed him for the year 2019-20.

14. Independent auditors' report

There are no qualifications, reservations or adverse remarks made by the Independent auditors in their report.

15. Ratings

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

16. Management discussion and analysis

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

17. Corporate governance

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

18. Secretarial audit report

In accordance with section 204 of the Companies Act, 2013, the secretarial audit report is attached as Annexure-5 and there are no qualifications, reservations or adverse remarks made by the Independent auditors in their report.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. Corporate social responsibility (CSR) activities

During the year 2018-19 your company has spent an amount of ₹ 39.90 lakhs (Rs. 33.19 lakhs in previous year) on CSR activities, against the minimum mandatory amount of ₹ 36.23 lakhs, being 2% of average profit for the last three years.

Details of CSR activities are given in Annexure - 8.

25. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Nirbhaya Act)

There are 86 women employees in your company as on March 31, 2019 (95 a year ago) and your company has formulated an anti harassment policy to ensure safe working environment. Your company also has set up an Internal Complaint Committee to redress complaints of women employees.

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

26. 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.

27. 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.

28. 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.

29. 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.

30. Listing on stock exchanges

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

During the year under review, your company's share price on BSE had moved between a maximum of ₹ 361.95 and a minimum of ₹ 168.50. The price closed at ₹ 245.00 on March 29, 2019, a decrease of 27% over the price of ₹ 335.00 on March 28, 2018.

On NSE, your company's share price had moved between a maximum of ₹ 366.75 and a minimum of ₹ 167.70. The price closed at ₹ 248.20 on March 29, 2018, a decrease of 26% over the price of ₹ 335.55 on March 28, 2018.

Strength of shareholders has increased from 10,258 on 31.03.2018 to 10,428 on 31.03.2019.

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.

Dr. A.N. Gupta
Chairman & Managing Director

Secunderabad
10.08.2019

ANNEXURE – 1

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

(₹ in lakhs)

Part A: Subsidiaries
(Information in respect of each subsidiary to be presented with amounts)

1	Name of the subsidiary	Premier Wire Products Limited	PELNEXT Defence Systems Private Limited
2	The date since when subsidiary was acquired	30-Jun-16	15-Jul-16
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Apr 18–Mar 19, same as for holding company	Apr 18–Mar 19, same as for holding company
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR
5	Share capital	650.00	1.00
6	Reserves and surplus / Other equity	55.60	(1.83)
7	Total assets	822.29	0.51
8	Total Liabilities	116.69	1.34
9	Investments	-	-
10	Turnover	1334.63	-
11	Profit before taxation	(49.26)	(0.96)
12	Provision for taxation	4.83	-
13	Profit after taxation	(44.43)	(0.96)
14	Proposed Dividend	-	-
15	Extent of shareholding	80%	100%

Note:

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

(₹ in lakhs)

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

	Particulars	**Name of Associates/Joint Ventures** BF Premier Energy Systems Private Limited (jointly controlled entity)
1	Latest audited Balance Sheet Date	March 31, 2019
2	Shares of Associate / Joint Ventures held by the company on the year end	
	Number of equity shares	1,00,000
	Amount of Investment in Associates / Joint Venture	10.00
	Extent of holding	50.00%
3	Description of how there is significant influence	Held 50% of equity share capital
4	Reason why the associate / joint venture is not consolidated	Proportionately consolidated
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	0.27
6	Profit / (Loss) for the year	
	i. Considered in Consolidation	(0.26)
	ii. Not Considered in Consolidation	(0.26)

N*ote:*

1. *Names of associates or joint ventures which are yet to commence operations:*
   BF Premier Energy Systems Private Limited (JV)
2. *Names of associates or joint ventures which have been liquidated or sold during the year:*
   None

ANNEXURE – 2
REPORT ON CORPORATE GOVERNANCE

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

I. Corporate Governance

1. Company's philosophy

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

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

2. Board of directors

a. Composition and category of directors as on 31st March, 2019 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 specialisation. The Board comprises 8 directors which includes one woman director. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

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

b. Attendance of each director at the Board meetings and the last AGM held on September 27, 2018

Name of the Director	No. of Board meetings attended		Last AGM attendance (Yes/No)
	Held during tenure	Attended	
Dr. A.N.Gupta	4	4	Yes
Mr. T.V.Chowdary	4	3	Yes
Dr. (Mrs.) Kailash Gupta	4	4	Yes
Mr. P.R.Tripathi	4	4	Yes
Mr. Anilkumar Mehta	4	4	Yes
Mr. K.Rama Rao	4	4	Yes
Dr. A.Venkataraman	4	4	Yes
Lt.Gen. P.R.Kumar (Retd)	4	4	Yes

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, Committee Chairmanships/Memberships held by them in other public companies as on 31st March, 2019 and details of directorships in other listed entities are given below. (Chairmanships/Memberships of Board Committees include only that of Audit Committee and Stakeholder Relationship Committee)

S. No.	Name of the Director	No. of other Directorships	Other Committee positions*		Name of other listed companies in which Directors of the Company are directors	Category of the directorships in the listed entity
			Membership	Chairman		
1	Dr. A.N.Gupta	2	-	-	Nil	N.A.
2	Mr. T.V.Chowdary	5	-	-	Nil	N.A.
3	Dr. (Mrs.) Kailash Gupta	1	-	-	Nil	N.A.
4	Mr. Anilkumar Mehta	-	-	-	Nil	N.A.
5	Mr. P.R.Tripathi	6	3	3	1. Sarda Energy & Minerals Limited (Ceased to be Director w.e.f. 01st April, 2019) 2.IVRCL Limited	Non executive-Independent Director
6	Mr. K.Rama Rao	-	-	-	Nil	N.A.
7	Dr. A.Venkataraman	-	-	-	Nil	N.A.
8	Lt.Gen. P.R.Kumar (Retd)	-	-	-	Nil	N.A.

d. Particulars of directorships in other companies

Name of the Director	Name of the Company	Position
Dr. A.N.Gupta	BF Premier Energy Systems Private Limited PELNEXT Defence Systems Private Limited	Director Director
Mr. T.V.Chowdary	Premier Wire Products Limited Octane Chemicals Private Limited BF Premier Energy Systems Private Limited PELNEXT Defence Systems Private Limited Godavari Explosives Limited	Director Director Director Director Director
Dr. (Mrs.) Kailash Gupta	Premier Wire Products Limited	Director
Mr. Anilkumar Mehta	None	None
Mr. P.R.Tripathi	Sarda Energy & Minerals Limited (Ceased to be director w.e.f. April 01st 2019) Hindusthan Dorr Oliver Limited IVRCL Limited HDO Technologies Limited Minman Consultancy Services Private Limited RIHM Developers Private Limited	Director Director Director Director Director Director
Mr. K.Rama Rao	None	None
Dr. A.Venkataraman	None	None
Lt.Gen. P.R.Kumar(Retd)	None	None

e. Positions in Committees of all companies

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

Name of the Director	Name of the Company	Member of the Committee	Chairman of the Committee
Dr. A.N.Gupta	None	None	None
Mr. T.V.Chowdary	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
Dr. (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
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
Lt.Gen. P.R.Kumar (Retd)	None	None	None

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

The Board of Directors met 4 times during the Financial Year from 01st April, 2018 to 31st of March, 2019. The dates on which the meetings were held are as follows:

23rd May, 2018, 09th August, 2018, 29th October, 2018, and 23rd January, 2019.

g. 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 Director.

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

Name	Category	No. of Shares held as on 31.03.2019
Dr. (Mrs.) Kailash Gupta	Non Executive & Non Independent Director	11,60,767
Mr. Anilkumar Mehta	Non Executive & Independent Director	3,000
Mr. P.R.Tripathi	Non Executive & Independent Director	Nil
Mr. K.Rama Rao	Non Executive & Independent Director	Nil
Mr. A.Venkataraman	Non Executive & Independent Director	Nil
Lt.Gen. P.R.Kumar (Retd)	Non Executive & Independent Director	Nil

i. The details of familiarisation programmes imparted to independent directors are given below

In every quarter during the year 2018-19

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.

Deputy Managing Director gives a presentation on the performance of the Company and the future outlook.

Chief Financial Officer presents the detailed analysis of the financial results. Internal auditors give a detailed report on their findings. 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.

The details are given in the web blink: http://www.pelgel.com/fpi.html

j. Board of Directors skills / expertise / competence matrix

Pursuant to provisions in sub-para 2 (h) of Part C of Schedule V of the Listing Regulations the Board has identified the following skills/expertise/ competencies fundamental for the effective functioning:

Defence business	Understanding product portfolio, intricacies in defence procurement, diverse entities within defence departments, indigenisation and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends in industrial explosives and military explosives, developments in technology changes, knowledge in user industries like defence / mining and experience in guiding and leading management teams to make decisions in constrained environments.
Governance	Experience in developing and overseeing governance practices, holistic approach in serving the interests of all stakeholders, maintaining board and management accountability, eye on changing corporate and other laws and driving corporate ethics and values

k. Confirmation as regards independence of Independent Directors

In the opinion of the Board of Directors of the Company, the existing Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management.

l. Reasons for resignation of Independent Director before the expiry of term, if any

Not Applicable

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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation 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, and 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 auditors.

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 utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32 (7).

xxvii. To review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary, whichever is lower including existing loans / advances / investments.

b. Composition, name of the members, and Chairperson.

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

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

c. Audit Committee meetings and Attendance during the financial year ended 31st March, 2019

During the year the Committee held 4 meetings on May 23, 2018, August 09, 2018, October 29, 2018 and January 23, 2019

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. P.R.Tripathi	Chairman	4	4
Mr. Anilkumar Mehta	Member	4	4
Mr. K. Rama Rao	Member	4	4

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
- Recommend to the Board, all remuneration, in whatever form payable to the senior management

b. Composition, 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 23rd May, 2018 and 23rd January, 2019.

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

d. Criteria for performance evaluation

Performance evaluation criteria for Independent Directors

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

Executive Directors

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

5. Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company was held on 23rd February, 2019. At the meeting, the Independent Directors reviewed the performance of the Non-Independent Directors and the Board as a whole; reviewed the performance of the Chairman of the Company, taking into account the views of the Executive and Non executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed their entire satisfaction to the desired level on the governance of the Board.

6. 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 2018-19 are given below:

S. No.	Name of the Director	Amount of Sitting fees (Rs. in lakhs)
1.	Dr. (Mrs.) Kailash Gupta	2.10
2.	Mr. Anilkumar Mehta	2.80
3.	Mr. P.R.Tripathi	1.70
4.	Mr. K.Rama Rao	1.60
5.	Dr. A.Venkataraman	0.90
6	Lt.Gen. P.R.Kumar (Retd)	0.90

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	191.02	71.54	16.23	-	-	278.79
2	Mr. T.V.Chowdary	56.75	14.81	9.39	-	-	80.95
Total		**247.77**	**86.35**	**25.62**	**-**	**-**	**359.74**

ii. A fixed remuneration shall comprise of basic salary and other allowances like house rent allowance, conveyance allowance, etc., which are calculated as certain percent of basic salary.

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

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

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

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

7. **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	Chairman (Non Executive-Independent)
Mr. T.V.Chowdary	Member (Executive)
Dr. (Mrs.) Kailash Gupta	Member (Non Executive-Non Independent)

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 11 complaints from Shareholders and all were redressed to the satisfaction of the shareholders and no complaint was pending as on 31st of March, 2019.

8. **Corporate Social Responsibility Committee**

a. **Composition, members and chairperson**

The committee consists of 2 Non Executive Directors and 1 Executive Director. Chairman is Non Executive-Independent Director.

Name of the director	Position
Mr. P.R.Tripathi	Chairman
Mr. T.V.Chowdary	Member
Dr. (Mrs.) Kailash Gupta	Member

b. **Committee meetings and attendance during the year**

During the year the Committee held one meeting on 09th August, 2018.

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. P.R.Tripathi	Chairman	1	1
Mr. T.V.Chowdary	Member	1	0
Dr.(Mrs.) Kailash Gupta	Member	1	1

9. **Securities Allotment Committee**

a. **Composition, members and chairperson**

The committee consists of 3 Non executive Directors and 1 Executive Directors. Chairman is Non Executive-Independent Director.

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

b. Committee meetings and attendance during the year

During the year the Committee held one meeting on 25th January, 2019.

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. Anilkumar Mehta	Chairman	1	1
Mr. P.R.Tripathi	Member	1	1
Mr. K.Rama Rao	Member	1	1
Mr. T.V.Chowdary	Member	1	0

10. General body meetings

a. Details of the last three AGMs are as follows:

Year	Date	Venue	Time	No. of special resolutions passed
2015-16	23.09.2016	Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad -500 004	10.30 a.m.	3
2016-17	27.09.2017		10.30 am	Nil
2017-18	27-09-2018		10.30.a.m	1

b. Details of the EGMs held during the year 2018-19: None

c. Postal ballot resolutions

The Company sought the approval of shareholders by way of Special resolutions through notice of postal ballot dated January 23rd, 2019 in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 for Mr. P.R.Tripathi (DIN: 00376429) and Mr. K.Rama Rao (DIN: 02678860) (who had already attained the age of 75 years on the date of notice) to continue as Non Executive- Independent Directors of the Company on and after April 1, 2019 till the expiry of their existing terms i.e. up to 12th August, 2019. The resolutions were duly passed and the results of the postal ballot were announced on March 08th, 2019. Mr. K.V.Chalama Reddy, Practicing Company Secretary was appointed as the Scrutiniser to scrutinise the postal ballot and remote e-voting process in a fair and transparent manner.

Resolution	No. of votes polled	No. of votes cast in favour	No. of votes cast against	% of votes cast in favour on votes polled	% of votes cast in favour on votes polled
Approval for continuation of Mr. P.R.Tripathi (DIN: 00376429) as Non Executive Independent Director	57,11,812	57,11,178	634	99.99	0.01
Approval for continuation of Mr. K.Rama Rao (DIN: 02678860) as Non Executive Independent Director	57,11,812	57,11,178	634	99.99	0.01

Details of special resolution proposed to be conducted through postal ballot:

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

Procedure for postal ballot:

The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The Shareholders are provided the facility to vote either by physical ballot or through e-voting. The postal ballot notice is sent to shareholders in electronic form to the email addresses registered with the depository (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agents (in case of physical shareholding). For shareholders whose email IDs are not registered, physical copies of the postal ballot notice are sent by permitted mode along with a postage prepaid self addressed business reply envelope. The Company also publishes a notice in the newspapers in accordance with the requirements under the Companies Act, 2013.

The Company fixes a cut-off date to reckon paid-up value of equity shares registered in the name of shareholders for the purpose of voting. Shareholders may cast their votes through e-voting during the voting period fixed for this purpose. Alternatively, shareholders may exercise their votes through physical ballot by sending duly completed and signed forms so as to reach the scrutiniser before a specified date and time. After completion of scrutiny of votes, the scrutiniser submits his report to the Chairman and the results of voting by postal ballot are announced by the Chairman or any Official of the Company duly authorised within 48 hours of conclusion of the voting period. The results are also displayed on the website of the Company (www.pelgel.com), besides being communicated to the Stock Exchanges, and Registrar and Share Transfer Agents. The resolutions, if passed by the requisite majority are deemed to have been passed on the last date specified for receipt of duly completed postal ballot forms or e-voting.

11. 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

12. General shareholder information

a.	**39th AGM, date, time and venue**	Date: 25th September, 2019, Time: 11.00 a.m. Venue: Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad -500 004
b.	**Financial Year**	April 1, 2018 to March 31, 2019
c	**Expected Dividend payment date**	13-23 October 2019

d. Listing on Stock exchanges: The Company's equity shares are listed at

Name and Address of the Stock Exchange	Stock Code
BSE Limited Phiroze Jeejeebhoy 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 2018-19 have been paid to the above stock exchanges.

e. Market price Data (BSE) High / Low during each month during the year 2018-19

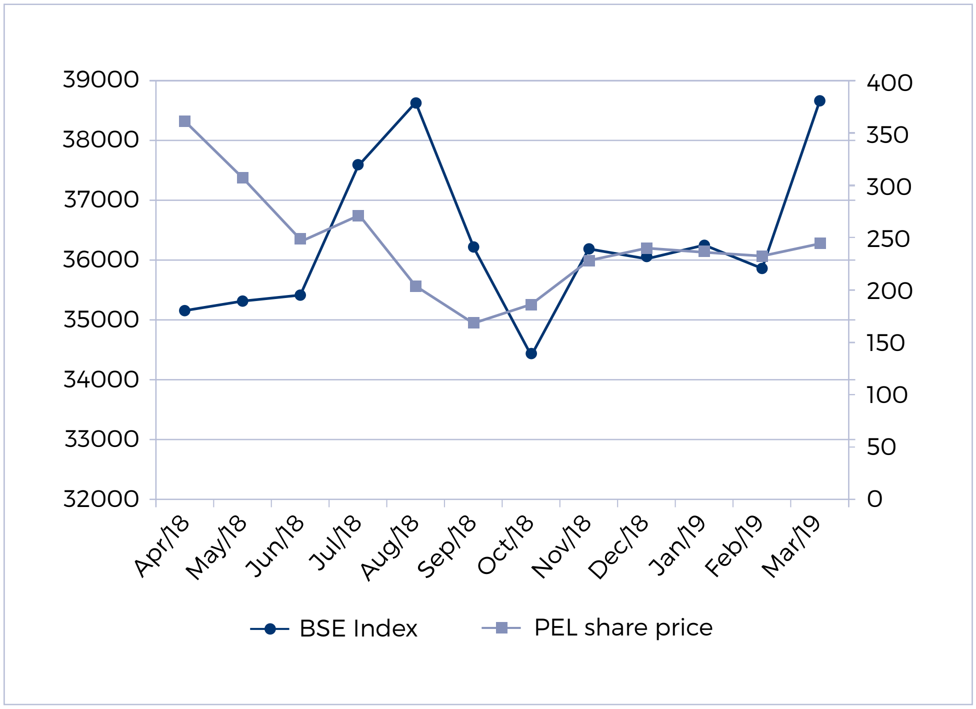
Bombay Stock Exchange (BSE)

	High	Low		High	Low
Apr-18	379.25	333.00	Oct-18	217.00	160.00
May-18	366.00	298.00	Nov-18	280.05	183.00
Jun-18	310.00	243.00	Dec-18	272.50	208.60
Jul-18	285.05	244.00	Jan-19	276.00	230.10
Aug-18	284.00	198.00	Feb-19	240.00	203.00
Sep-18	213.00	168.35	Mar-19	227.50	227.50

National Stock Exchange of India Limited (NSE)

	High	Low		High	Low
Apr-18	377.95	331.30	Oct-18	224.40	159.00
May-18	369.00	296.20	Nov-18	278.80	181.55
Jun-18	315.00	246.10	Dec-18	273.30	206.00
Jul-18	284.80	242.60	Jan-19	277.00	227.00
Aug-18	289.00	198.00	Feb-19	241.00	202.00
Sep-18	213.90	167.35	Mar-19	272.60	228.00

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



g. Distribution of shareholding as on 31.03.2019

S. No	Category	Cases	% of Cases	Amount of Equity share capital	% of Equity share capital
1	1 -5,000	9,358	89.74	1,05,17,950	9.78
2	5,001 – 10,000	532	5.10	41,57,860	3.87
3	10,001 – 20,000	276	2.65	41,29,760	3.84
4	20,001 – 30,000	76	0.73	19,48,640	1.81
5	30,001 – 40,000	37	0.35	13,24,800	1.23
6	40,001 – 50,000	23	0.22	10,36,180	0.97
7	50,001 – 1,00,000	56	0.54	39,57,950	3.68
8	1,00,001 and above	70	0.67	8,04,49,250	74.82
	Total	**10,428**	**100.00**	**10,75,22,390**	**100.00**

h. Dematerialisation of shares and liquidity

The ISIN No. of the Company is: INE863B01011. As on 31st March, 2019 the following number of shares are held in Demat and Physical mode-

Mode of holding	No. of Holders	No. of shares	% to Equity
Physical	796	1,57,590	1.47
Demat	9,632	1,05,94,649*	98.53
Total	**10,428**	**1,07,52,239**	**100.00**

**Including 1,15,100 equity shares allotted on 25th January, 2019, which were under demat process as on 31st March, 2019 and dematted subsequently on 14th June, 2019*

i. Allotment of shares during the year

135,100 Warrants issued on preferential basis on 02nd August, 2017 were due for conversion to Equity Shares on January 31st, 2019. Out of 1,35,100 warrants, the Company at its meeting held on 25th January, 2019 had allotted 1,15,100 equity shares on conversion of equal number of warrants and 20,000 warrants were forfeited. The total number of paid up equity shares after such conversion, is 1,07,52,239 Equity shares of ₹ 10/- each.

There are no outstanding GDRs/ADRs or any other Convertible instruments as on 31.03.2019.

j. 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.

k. Plant locations

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

l. 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

m. Registrar & Share Transfer Agents

(for Shares held in both Physical and Demat Mode)
M/s.Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No.31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally, Hyderabad-500032
Toll free No.:1800 3454001
Email: einward.ris@karvy.com

n. Credit ratings

ICRA Limited has reaffirmed credit rating of [**ICRA] A (Stable)** for long term credit of the company and **[ICRA] A1** for short term credit. These ratings are valid till November 01, 2019.

13. 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 2018-19 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, 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 have been denied access to the audit committee. A copy of the whistleblower policy is available on the website: http://www.pelgel.com/pwb.html

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

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

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

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.html

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 Indian 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. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the year the company has raised ₹ 341.21 lakhs through preferential allotment (March 2018- Rs.7273.26 lakhs) primarily for Business expansion, working capital purposes and any other purposes as may be permissible under applicable law.

(Rs. in lakhs)

Utilisation of funds	As at March 31, 2019	As at March 31, 2018
Business expansion & Working capital utilisation	1,492.48	4462.04

j. Certificate from PCS under sub-para 10(i) of Part C of Schedule V of the Listing Regulations

A Certificate from a Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed to this report.

k. Confirmation by the Board of Directors' acceptance of recommendation of mandatory committees

In terms of the amended SEBI Listing Regulations, the Board of Directors of the Company, confirm that during the year under review, it has accepted all recommendations received from its mandatory committees.

l. Details of total fees paid to the Statutory Auditors of the Company

For the year 2018-19, the company paid the following amounts to its Statutory Auditors. They are not auditors for any of the group companies and they are also not part of any network of audit firms.

S. No.	Description of fees paid	Amount (Rs. in lakhs)
1	Statutory audit fees paid	7.50
2	Fee paid for quarterly reviews	6.75
3	Fee paid for certifications	2.90
4	Reimbursement of expenses	1.33
	Total fees paid	**18.48**

m. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has complied with the applicable provisions of the aforesaid Act and the Rules framed thereunder, including constitution of the Internal Complaints Committee (ICC). The details of number of complaints filed and disposed of during the year and pending as on March 31, 2019 are given in the Directors' report.

n. 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.

o. 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.

p. The Company has complied with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 wherever applicable, as on 31st March, 2019.

II. Code of conduct

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

III. A compliance certificate from the Auditors regarding compliance with conditions of Corporate Governance is annexed with the Directors' report.

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

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

This report has been approved by the Board of Directors in its meeting held on August 10, 2019.

For and on behalf of the Board

Secunderabad **Dr. A.N.Gupta**
10.08.2019 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, 2019.

For Premier Explosives Limited

Secunderabad **Dr. A.N.Gupta**

10.08.2019 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 4. Pelnext Defence Systems Private Limited 5. Godavari Explosives 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 March, 2019	32,207	11,60,767
Relationship with other directors	None	Spouse of Dr. A.N.Gupta, Chairman and Managing Director

Particulars	Mr. P.R.Tripathi	Mr. Anilkumar Mehta
Date of birth	24.06.1943	24.03.1946
Date of appointment	28.09.2007 As Independent director in current Term-13.08.2014	17.05.2003 As Independent director In current Term-13.08.2014
Qualifications	Bachelor's degree in Science (Mining) from Ranchi University and holds a Diploma from the Indian School of Mines, Dhanbad	FCA
Expertise in specific function areas	• Wide experience in Mining • Former Chairman and Managing Director of National Mineral Development Corporation Ltd • Retired President of Federation of Indian Mineral Industries	He is a qualified chartered accountant and a senior partner at M/s. Bhaskara Rao & Co. Chartered Accountants firm. He has over 40 years of experience in auditing, taxation, company law, project finance, accounting and other allied matters.
Directorships held in other companies	1. Sarda Energy & Minerals Limited (Ceased to be a director w.e.f. April 01st, 2019) 2. Hindustan Dorr Oliver Limited 3. IVRCL Limited 4. HDO Technologies Limited 5. Minman Consultancy Services Private Limited 6. RIHM Developers Private Limited	None
Memberships / Chairmanships of Committees of other companies (include only Audit Committee / Investor Grievances Committee)	Audit Committee - Chairman 1. IVRCL Limited 2. Hindustan Dorr Oliver Limited Stakeholder Relationship Committee - Chairman 1. IVRCL Limited 2. Hindustan Dorr Oliver Limited	None
No. of shares held in the company as on 31st March, 2019	Nil	3,000
Relationship with other directors	None	None

Particulars	Mr. K.Rama Rao	Dr. A.Venkataraman
Date of birth	14.09.1934	10.01.1959
Date of appointment	27.04.2009 As Independent Director In current Term - 13.08.2014	27.04.2009 As Independent director in current Term - 13.08.2014
Qualifications	He is a graduate of the Royal Aeronautical Society and an associate member of Aeronautical Society of India	M.Sc., Ph.D.
Expertise in specific function areas	Retired as Associate Director of DRDL |(Defence Research and Development Laboratory) after serving for over 35 years in Technology development	He has experience in materials chemistry, nano-materials chemistry, polymer nano composites, etc. and is currently working as a professor in Gulbarga University. 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, Manchester 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.
Directorships held in other companies	None	None
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, 2019	Nil	Nil
Relationship with other directors	None	None

Particulars	Mr.Y.Durga Prasad Rao
Date of birth	20/05/1963
Date of appointment	10.08.2019
Qualifications	B.Tech (Mechanical Engineering)
Expertise in specific function areas	He is presently holding the position of the President (Production) of our Company. He holds a Bachelor's degree of Technology in Mechanical Engineering from Sri Venkateswara University, Tirupathi, Andhra Pradesh. He has experience in production of explosives, propellants and project execution. He has been working with our Company since July 1, 1989 and is currently heading the manufacturing activities of our Company at Peddakandukuru factory. He previously worked as Mechanical Engineer in Rohini Refractories Limited.
Directorships held in other companies	Premier Wire Products Limited
Memberships / Chairmanships of Committees of other companies (include only Audit Committee / Investor Grievances Committee)	None
No. of shares held in the company as on 31st of March, 2019	Nil
Relationship with other directors	None

ANNEXURE – 3

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

To the Members of

PREMIER EXPLOSIVES LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated October 01, 2018
2. This report contains details of compliance of conditions of Corporate Governance by Premier Explosives Limited ('the Company'), for the year ended on March 31, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), pursuant to listing agreement with Stock exchanges.

Management's Responsibility

3. The compliance with the conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

4. Our responsibility was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations for the year ended March 31, 2019.
6. We conducted our examination in accordance with the Guidance Note on Certificates for Special purposes, Guidance note on Certificate of Corporate Governance, both issued by the Institute of the Chartered Accountants of India (the "ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on Use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For MAJETI & CO.
Chartered Accountants
Firm's Registration number: 0159758

Kiran Kumar Majeti
Partner
Membership number: 220354
UDIN No: 19220354AAAAAT2557

Hyderabad
10.08.2019

ANNEXURE – 4

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, 2019 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, 2019 are fraudulent, illegal or violative of the company's code of conduct.

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

D. We have indicated to the Auditors and Audit Committee

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

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

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

Secunderabad
10.08.2019

Dr. A. N. Gupta
Chairman & Managing Director

C. Subba Rao
Chief Financial Officer

ANNEXURE – 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2019

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,
M/s. 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, 2019 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, 2019 ("Audit Period") according to the provisions of:

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

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

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

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

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

        a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; the company has complied with yearly and event based disclosures.

        b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Amended Regulations 2018;

        c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

        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 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2019. 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 and SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2018; *not applicable during the audit period*

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 ; *not applicable during the audit period and*

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

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

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

b. The Electricity Act, 2003 and rules and regulations made thereunder

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

During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc., except as mentioned below.

Delay of 1 month 25 days in submission of form 'c' in terms of Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 in respect of 1,15,100 equity shares allotted by way of conversion of warrants into equity on preferential basis.

Management Response in this regard had been that: *The delay in submission was inadvertent. However, the details of equity shares allotted upon conversion of warrants were informed to the exchange on the date of allotment i.e.25th January, 2019 and the form c was filed with the exchanges within due time for the warrants at the time of their allotment.*

3. I, further report that:

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

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

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

5. The compliance by the Company of applicable financial Laws like Direct and Indirect tax laws have not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

6. I, further report that 1,15,100 equity shares were allotted upon conversion of equal number of warrants on preferential basis on 25th January, 2019 consequently the paid up equity share capital has increased from 1,06,37,139 to 1,07,52,239 equity shares of face value of ₹ 10/- each and further, there were no other specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above.

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

Place: Hyderabad
Date: 10.08.2019

Note: 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
M/s. Premier Explosives Limited
Secunderabad

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

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Place: Hyderabad
Date: 10.08.2019

ANNEXURE – 6

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 company	Development of specialised high energy chemicals	
		2.	Benefits derived as a result of above R & D	Commercializing the in-house developed products	
		3.	Future plan of action	To continuously improve existing products and develop cost effective processes	
		4.	Expenditure on R & D (Rs. in lakhs)	**2018-19**	2017-18
			Capital	26.71	2.26
			Recurring	90.70	85.96
			Total	**117.41**	**88.22**
			R & D expenditure as % of total revenue	0.48%	0.32%
	b)	Technology absorption, adaptation and innovation			
		1.	Efforts	New products were developed	
		2.	Benefits	Successfully started commercial production of new products	
		3.	Particulars of imported technology in the last five years	No technology imported	
C	**Foreign exchange earnings and outgo** (Rs. in lakhs)			**2018-19**	**2017-18**
	Earnings			601.22	1759.21
	Outgo			2976.34	3250.35

For and on behalf of the Board

Dr. A. N. Gupta
Chairman & Managing Director

Secunderabad
10.08.2019

ANNEXURE – 7

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

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

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

Form no. AOC-2

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

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

1	**Details of contracts or arrangements or transactions not at arm's length basis**:			No such transactions
2	**Details of contracts or arrangements or transactions at arm's length basis**:			
	a)	Name(s) of the related party and nature of relationship	Premier Wire Products Limited, a subsidiary company	Godavari Explosives Limited, an associate company
	b)	Nature of contracts / arrangements / transactions	Purchase of GI wire / binding wire and Payment of rent	Service charge income for propellant development, casting, curing and test firing
	c)	Duration of the contracts / arrangements / transactions	April 2018 –March 2019	April 2018 –March 2019
	d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of GI wire / binding wire: ₹ 124.79 lakhs and Payment of rent: ₹ 1.19 lakh	₹ 6.90 lakhs
	e)	Date(s) of approval by the Board, if any	Not applicable	Not applicable
	f)	Amount paid as advances, if any	NIL	NIL

ANNEXURE – 8

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 ₹ 1811.62 lakhs.

4. CSR expenditure prescribed for 2018-19

Minimum amount to be spent on CSR activities for the year 2018-19 as calculated u/s 135(5) of the Companies Act, 2013, being 2% of the average net profit for last 3 years, is ₹ 36.23 lakhs.

5. Details of CSR spend for 2018-19

a) Total amount spent: ₹ 39.90 lakhs

b) Amount unspent : NIL

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

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
1	Mobile medical unit attending to elderly people	Health care	10 villages in Bhuvangiri Yadadri district, Telangana (nearby the factory)	19.00	19.00	19.00	Through Helpage India
2	Support to financially weak patients for dialysis	Health care	Hyderabad	5.00	5.00	5.00	Through Bhagwan Mahavir Jain Relief Foundation Trust
3	Prevention and treatment of haemophilia	Health care	Puducherry	1.25	1.25	1.25	Through Haemophilia Society Puducherry Chapter
4	Treatment of ophthalmic problems	Health care	Hyderabad	0.50	0.50	0.50	Pushpagiri Eye Hospital

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
5	Donation to Society for Aged and Women	Health care	Hyderabad	1.00	1.00	1.00	Through Society for Aged and Women
6	Education of blind students	Education	Hyderabad	1.00	1.00	1.00	Through Devnar Foundation for the Blind
7	Stipend to research students	Education	Gulbarga University and Peddakandukuru	4.20	4.20	4.20	Through Gulbarga University
8	Support to schools and merit scholarships	Education	4 villages in Yadagirigutta mandal (nearby the factory)	3.28	2.95	2.95	Directly by company
9	Donation to Army Central Welfare Fund	Benefit of armed forces veterans, war widows and their dependents	India	1.00	1.00	1.00	Through Army Central Welfare Fund
10	Donation to Yadadri Vision Social Services	Women safety	Yadagiri Mandal	-	4.00	4.00	Through Yadadri Vision Social Services
	Total			**36.23**	**39.90**	**39.90**	

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
10.08.2019

P.R. Tripathi
Chairman of the CSR Committee

Dr. Kailash Gupta
Director

ANNEXURE – 9

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

Particulars	Third calendar year (01.01.2018 to 31.12.2018)	From 01.01.2019 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	2	1
Nature of action taken by the employer or district officer	NA	NA

ANNEXURE – 10

Form no. MGT-9

Extract of the annual return for the year ended 31st March, 2019

[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	12072.12	50.26
	Detonators, Propellants, etc.	318105000	10065.80	41.91
	Services	33190	1465.39	6.10
	Sub total		**23603.31**	**98.27**
Others	Traded items		414.09	1.73
	Total		**24017.40**	**100.00**

III Particulars of holding, subsidiary and associate companies

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

IV Share holding patternv

IV A. Category-wise shareholding

	Category of Shareholders	No. of shares held at beginning of the year				No. of Shares held at end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	**Promoters**									
1	Indian									
a	Individual/HUF	42,98,094	-	42,98,094	40.41	44,22,550	-	44,22,550	41.13	0.72
b	Central Govt	-	-	-	-	-	-	-	-	-
c	State Govt	-	-	-	-	-	-	-	-	-
d	Bodies Corporate	-	-	-	-	-	-	-	-	-
e	Bank/FI	-	-	-	-	-	-	-	-	-
f	Others	-	-	-	-	-	-	-	-	-
	Subtotal (A)(1)	**42,98,094**	**-**	**42,98,094**	**40.41**	**44,22,550**	**-**	**44,22,550**	**41.13**	**0.72**
2	Foreign									
a	NRI Individuals	-	-	-	-	-	-	-	-	-
b	Other Individuals	-	-	-	-	-	-	-	-	-
c	Bodies corporate	-	-	-	-	-	-	-	-	-
d	Banks/FI	-	-	-	-	-	-	-	-	-
e	Others	-	-	-	-	-	-	-	-	-
	Subtotal (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total shareholding of promoters (A) = (A)(1) + (A)(2)	**42,98,094**	**-**	**42,98,094**	**40.41**	**44,22,550**	**-**	**44,22,550**	**41.13**	**0.72**
B	**Public**									
1	Institutions									
a	Mutual funds	18,37,690	1,200	18,38,890	17.29	17,90,316	1,200	17,91,516	16.66	(0.63)
b	Banks/FI	4,227	-	4,227	0.04	8,430	-	8,430	0.08	0.04
c	Central govt.	-	-	-	-	-	-	-	-	-
d	State Govt.	-	-	-	-	-	-	-	-	-
e	Venture Capital Fund	-	-	-	-	-	-	-	-	-
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	FIIs	69,796	-	69,796	0.66	69,796	-	69,796	0.66	0.00
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Others	-	-	-	-	-	-	-	-	-
	Subtotal (B)(1)	**19,11,713**	**1,200**	**19,12,913**	**17.98**	**18,68,542**	**1,200**	**18,69,742**	**17.40**	**(0.59)**
2	**Non institutions**									
a										
	Bodies corporate	6,02,376	6,501	6,08,877	5.72	5,79,573	1,901	5,81,474	5.41	(0.31)

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	
b	Individuals									
	Individual shareholders holding nominal share capital up to ₹ 1 lakh	22,30,867	1,77,778	24,08,645	22.64	25,63,959	1,54,489	27,18,448	25.28	2.64
	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,54,182	-	8,54,182	8.03	6,70,155	-	6,70,155	6.23	(1.80)
c	Others									
	NRI's	3,70,848	-	3,70,848	3.49	3,70,859	-	3,70,859	3.45	(0.04)
	NRI-Non Repatriation	41,845	-	41,845	0.39	45,174	-	45,174	0.42	0.03
	Clearing Members	11,130	-	11,130	0.10	12,064	-	12,064	0.11	0.01
	Trusts	-	-	-	-	-	-	-	-	-
	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	IEPF	46,902	-	46,902	0.44	61,185	-	61,185	0.57	0.13
	NBFC	83,703	-	83,703	0.79	588	-	588	0.01	(0.78)
	Subtotal (B)(2)	42,41,853	1,85,479	63,39,045	41.61	44,26,132	1,563,90	44,59,947	41.48	**(0.13)**
	Total public shareholding (B) = (B)(1) + (B)(2)	61,53,566	1,85,479	63,39,045	59.59	61,72,099	1,57,590	63,29,689	58.87	**(0.71)**
	Total (A+B)	1,04,51,660	1,85,479	1,06,37,139	100.00	1,05,94,649	1,57,590	1,07,52,239	100.00	**0.00**
C	**Shares held by custodians for GDR's & ADR's**	-	-	-	-	-	-	-	-	-
Grand total (A+B+C)		**1,04,51,660**	**1,85,479**	**1,06,37,139**	**100.00**	**1,05,94,649**	**1,57,590**	**1,07,52,239**	**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	25,38,599	23.87	-	26,05,086	24.23	-	0.36
2	Amarnath Gupta (HUF)	6,56,697	6.17	-	6,56,697	6.11	-	(0.06)
3	Kailash Gupta	11,02,798	10.37	-	11,60,767	10.80	-	0.43
	Total	42,98,094	40.41	-	44,22,550	41.14	-	0.73

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	25,38,599	23.87	23.08.2018	1,500	Buy	25,40,099	23.62
				29.08.2018	500	Buy	25,40,599	23.63
				05.09.2018	1,953	Buy	25,42,552	23.65
				06.09.2018	187	Buy	25,42,739	23.65
				07.09.2018	673	Buy	25,43,412	23.65
				12.09.2018	800	Buy	25,44,212	23.66
				14.09.2018	592	Buy	25,44,804	23.67
				17.09.2018	400	Buy	25,45,204	23.67
				18.09.2018	500	Buy	25,45,704	23.68
				19.09.2018	1000	Buy	25,46,704	23.69
				24.09.2018	1,000	Buy	25,47,704	23.70
				28.09.2018	3,000	Buy	25,50,704	23.72
				05.11.2018	1,000	Buy	25,51,704	23.73
				06.11.2018	1,000	Buy	25,52,704	23.74
				09.11.2018	500	Buy	25,53,204	23.75
				15.11.2018	582	Buy	25,53,786	23.75
				16.11.2018	700	Buy	25,54,486	23.76
				19.11.2018	500	Buy	25,54,986	23.76
				25.01.2019	50,100	Allotment	26,05,086	24.23
2	Amarnath Gupta(HUF)	6,56,697	6.17	-	-	-	6,56,697	6.11
3	Kailash Gupta	11,02,798	10.37	08.10.2018	1,000	Buy	11,03,798	10.27
				09.10.2018	1,014	Buy	11,04,812	10.28
				11.10.2018	50	Buy	11,04,862	10.28
				17.10.2018	1,500	Buy	11,06,362	10.29
				19.10.2018	2,400	Buy	11,08,762	10.31
				01.11.2018	1,200	Buy	11,09,962	10.32
				02.11.2018	805	Buy	11,10,767	10.33
				25.01.2019	50,000	Allotment	11,60,767	10.80

Note: 1,15,100 equity shares were allotted upon conversion of equal number of warrants on preferential basis on 25th January, 2019. Total number of paid up equity shares as on 31st March, 2019 is 1,07,52,239.

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	HDFC Trustee Company Limited-HDFC Infrastructure Fund	8,25,000	7.76	15.06.2018	14,700	Buy	8,39,700	7.81
2	Sundaram Mutual Fund A/c Sundaram Select Micro Cap	5,00,445	4.70	31.08.2018	52,550	Buy	5,52,995	5.14
				31.08.2018	50,862	Sale	5,02,133	4.67
				21.12.2018	25,479	Sale	4,76,654	4.43
				28.12.2018	16,500	Buy	4,93,154	4.59
				28.12.2018	34,000	Sale	4,59,154	4.27
				31.12.2018	17,500	Buy	4,76,654	4.43
				04.01.2019	693	Sale	4,75,961	4.43
				11.01.2019	23	Sale	4,75,938	4.43
				25.01.2019	23,767	Sale	4,52,171	4.21
				01.02.2019	9,817	Sale	4,42,354	4.11
3	Sundaram Alternative Opportunities Fund-Nano Cap Series I	3,87,000	3.64	25.01.2019	3,983	Sale	3,83,017	3.56
4.	Atim Kabra	3,67,863	3.46				3,67,863	3.42
5.	Gandhi Securities & Investment Private Limited	1,43,468	1.35	25.05.2018	1000	Sale	1,42,468	1.32
6	Akurdi Trading Company Private Limited	0	0.00	12.10.2018	67,200	Buy	67,200	0.62
				26.10.2018	70,060	Buy	1,37,260	1.28
7	Sundaram Alternative Opportunities Fund-Nano Cap Series II	1,25,245	1.18				1,25,245	1.16
8	Wallfort Financial Services Limited	100,000	0.94	31.08.2018	229	Buy	1,00,229	0.93
				07.09.2018	229	Sale	1,00,000	0.93
				05.10.2018	10,000	Sale	90,000	0.84
				12.10.2018	40,000	Sale	50,000	0.47
				19.10.2018	50,000	Sale	-	0.00
9	Shaktiprakash Kailwoo	95,094	0.89	25.01.2019	5000	Allotment	1,00,094	0.93
10	Mamta Agarwal	75,000	0.71	29.06.2018	9,700	Buy	84,700	0.79

Note: 1,15,100 equity shares were allotted upon conversion of equal number of warrants on preferential basis on 25th January, 2019. Total number of paid up equity shares as on 31st March, 2019 is 1,07,52,239.

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	25,38,599	23.87	23.08.2018	1,500	Buy	25,40,099	23.62
				29.08.2018	500	Buy	25,40,599	23.63
				05.09.2018	1,953	Buy	25,42,552	23.65
				06.09.2018	187	Buy	25,42,739	23.65
				07.09.2018	673	Buy	25,43,412	23.65
				12.09.2018	800	Buy	25,44,212	23.66
				14.09.2018	592	Buy	25,44,804	23.67
				17.09.2018	400	Buy	25,45,204	23.67
				18.09.2018	500	Buy	25,45,704	23.68
				19.09.2018	1000	Buy	25,46,704	23.69
				24.09.2018	1,000	Buy	25,47,704	23.70
				28.09.2018	3,000	Buy	25,50,704	23.72
				05.11.2018	1,000	Buy	25,51,704	23.73
				06.11.2018	1,000	Buy	25,52,704	23.74
				09.11.2018	500	Buy	25,53,204	23.75
				15.11.2018	582	Buy	25,53,786	23.75
				16.11.2018	700	Buy	25,54,486	23.76
				19.11.2018	500	Buy	25,54,986	23.76
				25.01.2019	50,100	Allotment	26,05,086	24.23
2	Kailash Gupta	11,02,798	10.37	08.10.2018	1,000	Buy	11,03,798	10.27
				09.10.2018	1,014	Buy	11,04,812	10.28
				11.10.2018	50	Buy	11,04,862	10.28
				17.10.2018	1,500	Buy	11,06,362	10.29
				19.10.2018	2,400	Buy	11,08,762	10.31
				01.11.2018	1,200	Buy	11,09,962	10.32
				02.11.2018	805	Buy	11,10,767	10.33
				25.01.2019	50,000	Allotment	11,60,767	10.80
3	T.V.Chowdary	26,000	0.24	13.07.2018	207	Buy	26,207	0.25
				14.11.2018	2,000	Buy	28,207	0.27
				25.01.2019	4,000	Allotment	32,207	0.30

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
4	Anil Kumar Mehta	3,000	0.03	-	-	-	3,000	0.03
5	P.R.Tripathi	-	-	-	-	-	-	-
6	A.Venkataraman	-	-	-	-	-	-	-
7	K.Rama Rao	-	-	-	-	-	-	-
8	P.R.Kumar	-	-	-	-	-	-	-
KMP								
9	C. Subba Rao (CFO)	2,000	0.02	25-01-2019	1,000	Allotment	3,000	0.03
10	K.Vijayashree (Company Secretary)	-	-	-	-	-	-	-

Note: 1,15,100 equity shares were allotted upon conversion of equal number of warrants on preferential basis on 25th January, 2019. Total number of paid up equity shares as on 31st March, 2019 is 1,07,52,239.

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

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
At beginning of the financial year				
i) Principal Amount	4061.83	493.75	-	4555.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.93	49.82	-	58.75
Total (i + ii + iii)	**4070.76**	**543.57**	**-**	**4614.33**
Change during the financial year				
Addition	1168.22	341.40		1509.62
(Reduction)	(2995.38)	(295.87)		(3291.25)
Net Change	**(1827.16)**	**45.53**	**-**	**(1781.63)**
At end of the financial year				
i) Principal Amount	2235.19	519.48	-	2754.67
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.41	69.62	-	78.03
Total (i +ii + iii)	**2243.60**	**589.10**	**-**	**2832.70**

VI Remuneration of directors and key managerial personnel

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

No.	Remuneration	A.N. Gupta (CMD)	T.V. Chowdary (DMD)	Total
1	**Gross salary**			
	Salary u/s 17(1)	242.56	61.95	**304.51**
	Perquisites u/s 17(2)	2.36	4.37	**6.73**
	Profits in lieu of salary u/s 17(3)	-	-	**-**
2	**Stock option**	-	-	**-**
3	**Sweat equity**	-	-	**-**
4	**Commission**			
	as % of profit	16.23	9.39	**25.62**
	others	-	-	**-**
5	**Others**			**-**
	Provident fund	17.64	5.24	**22.88**
	Total	**278.79**	**80.95**	**359.74**
	Ceiling as per the Act			**359.74**

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

No.	Remuneration	Anil Kumar Mehta	P.R. Tripathi	A. Venkata raman	K. Rama Rao	P.R. Kumar	Kailash Gupta	Total
1	**Independent directors**							
	Fee for attending Board / Committee meetings	2.80	1.70	0.90	1.60	0.90	-	**7.90**
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (1)	**2.80**	**1.70**	**0.90**	**1.60**	**0.90**	**-**	**7.90**
2	**Other non-executive directors**							
	Fee for attending Board / Committee meetings	-	-	-	-	-	2.10	**2.10**
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**2.10**	**2.10**
Total (1+2)		**2.80**	**1.70**	**0.90**	**1.60**	**0.90**	**2.10**	**10.00**

Total managerial remuneration: ₹ 369.74 lakhs;
Overall ceiling as per the Act: ₹ 369.74 lakhs.

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

No.	Remuneration	C. Subba Rao CFO	K.Vijayashree Company Secretary	Total
1	**Gross salary as per provisions of the Income Tax Act, 1961**			
	a) Salary u/s 17(1)	37.50	10.45	**47.95**
	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	**37.50**	**10.45**	**47.95**

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

Particulars of remuneration and other disclosures

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

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

	Name	Designation	Amount of remuneration paid for the year (Rs. in lakhs)		Increase / (decrease) (Rs. in lakhs)	Increase / (decrease) %	Ratio to median remuneration of employees
			2018-19	2017-18			
1	A.N. Gupta	Chairman and Managing Director	278.79	208.53	70.26	34%	87.67
2	T.V. Chowdary	Deputy Managing Director	80.95	69.59	11.36	16%	25.46
3	C. Subba Rao	Chief Financial Officer (KMP)	37.50	34.51	2.99	9%	11.79
4	K. Vijayasree	Company Secretary (KMP)	10.45	9.69	0.76	8%	2.29

2. Median remuneration of the employees was ₹ 3.18 lakhs during the 2018-19 and ₹ 2.99 lakhs during 2017-18.
3. Median remuneration of employees during 2018-19 has increased by 6% compared to 2017-18.
4. Number of permanent employees on the rolls of the company as on 31.03.2019 was 1,075 (1,130 as on 31.03.2018).
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 ₹ 8.50 lakhs per month during the year 2018-19

No.	Employee name	Designation	Remune-ration (Rs. in lakhs)	Nature of employment - contractual or otherwise	Qualification, Date of joining, Experience, Date of birth and Age	Last employment and designation	No. and % of equity shares held at year-end	Relationship to any other director
1	A.N. Gupta	Chairman and Managing Director	278.79	Contractual	M.Sc., D.Sc., 14-Feb-80 52 years 14-Apr-45 74 years	I.E.L. Limited, Area Sales Manager	26,05,086 24.23%	Dr. (Mrs.) Kailash Gupta is his wife
2	T.V.Chowdary	Deputy Managing Director	80.95	Contractual	B.Sc. (Tech) & (Petroleum) 25-May-89 37 years 16-Aug-57 62 years	STP Limited Production Manager	32,207 0.30%	None
3	C.Subba Rao	CFO	37.50	Contractual	FCA 26-Feb-10 31 years 10-Apr-61 58 years	GMR Foundation Head of Finance	3,000 0.03%	None

No.	Employee name	Designation	Remune-ration (Rs. in lakhs)	Nature of employment - contractual or otherwise	Qualification, Date of joining, Experience, Date of birth and Age	Last employment and designation	No. and % of equity shares held at year-end	Relationship to any other director
4	Y. Durga Prasad Rao	President	31.76	Permanent	B.E. Mechanical 01-Jul-89 34 years 20-May-63 56 years	Rohini Refractories Ltd Mechanical Engineer	-	None
5	R P Sharma	Vice President	29.71	Permanent	M.Sc.(Org.Chem) 01-Jun-16 27 years 09-Oct-69 50 years	Solar Industries Ltd DGM	-	None
6	Y. Krishna Rao	Vice President	25.30	Permanent	M.Com. 03-Sep-86 38 years 17-Jun-50 69 years	A.P.Rayons Ltd Accounts Officer	100 0.00%	None
7	Shailendra Pathak	Vice President	23.74	Permanent	B.Tech, MBA, PGDPM(HR&IR) 01-Oct-16 32 years 24-Feb-67 52 years	TRC Wall Pak Ltd Plant Head	114 0.00%	None
8	Indraneel Deb	General Manager	22.37	Permanent	M.Tech, (Aerospace), Armed Forces Programme (IIIM) 2-Feb-16 27 years 06-Sep-69 50 years	Reliance Defence & Engineering Ltd DGM (Guns & Missiles)	-	None
9	Surya Chandra Prakash	General Manager	21.14	Permanent	AIME (Chemical Engineering) 24-Jan-2012 31 years 24-Jan-67 52 years	ISRO-SHAR Quality Engineer	-	None
10	P. Shiva Shankara Rao	General Manager	19.16	Permanent	M.Sc.(Org. Chemistry) 27-Aug-2013 6 years 01-Apr-61 58 years	IEL INDIA LTD Technical Manager	-	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.

FINANCIAL STATEMENTS

STANDALONE FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To

The Members of PREMIER EXPLOSIVES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **PREMIER EXPLOSIVES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS")/ and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Fair value assessment of trade receivables**	**Principal audit procedures performed**
	Trade receivables comprise a significant portion of the liquid assets of the Company. As indicated in Note 31(A) to the standalone financial statements, 38.04% of the trade receivables are past due more than 90 days.	We have Performed Audit confirmation procedures and due to non-response of the same, we performed alternative procedures as below to assess the validity of outstanding receivables.
	The most significant portion of the trade receivables over 90 days comprises of Public Sector companies and Government organisations which are within their historic payment patterns.	• We verified payments received subsequent to year-end against the outstanding amounts as on March 31, 2019. • Verified client source documentation to provide evidence for the existence assertion of the receivables.
	Company applies the simplified approach and recognises Expected credit loss (ECL) for trade receivable balances (refer Note No 31(A)). Trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics, by grouping days past due of customers.	• Performed Analytical procedures for revenue recognised to find out unusual patterns in sales to identify potentially impaired balances. • Enquiries with respective Marketing managers and with those charged with governance about long outstanding customer balances.
	Accordingly, the estimation of the Expected Credit Losses allowances on trade receivables outstanding as at year end is a significant judgement area, hence considered as a key audit matter. (Trade receivables outstanding as at March 31, 2019 – ₹ 6961.17 lakhs – which is near to 51% of total financial assets)	The assessment of the appropriateness of the ECL allowance for trade receivables comprised of audit procedures including: 1. We assessed management's ECL impairment model consistent with the requirements of IND AS 9; 2. We tested the mathematical accuracy of Management's ECL impairment model;

Sr. No.	Key Audit Matter	Auditor's Response
		3. We agreed the data utilised in Management's ECL impairment model at March 31, 2019 to receivables aging report, calculations and other audited information;
		4. We challenged assumptions and judgements made by Management through discussion, comparison to data and our knowledge of the operations as gained through our audit in determining future expected loss rates.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including annexures to Directors' report, Corporate governance and Management discussion and analysis (MD & A), but does not include the standalone financial statements and our auditor's report thereon. The Directors' report including annexures to Directors' report, Corporate governance and Management discussion and analysis (MD & A) report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Directors' report including annexures to Directors' report, Corporate governance and Management discussion and analysis (MD & A), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India including the accounting standards specified under section 133 of the Act. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended 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 standalone financial statements (refer note no 33 to the standalone financial statements);

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, the company didn't have derivative contracts;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For MAJETI & CO
Chartered Accountants
Firm's Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Hyderabad
May 18, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of directors of the company 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". 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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, to the best of our information and according to the explanations given to us, 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 March 31, 2019, based on "the criteria for internal financial control over financial reporting 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 MAJETI & CO
Chartered Accountants
Firm's Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Hyderabad
May 18, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items on rotation basis which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv 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. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. 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.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues, including provident fund, Goods and Services Tax , Income tax, Customs Duty, cess and other material statutory dues, as applicable, except employees' state insurance, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Customs duty, cess and other material statutory dues, as applicable, which have not been deposited on account of any dispute. The particulars of dues of sales tax, value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax, 1956	Sales Tax	151.31	2007-08	Honourable High Court of Telangana
Tamil Nadu Value Added tax, 2006	Value Added Tax	424.52	2009-10 to 2015-16	Honourable High Court of Judicature at Madras

viii. According to the records of the Company examined by us and the information and explanations given to us, The Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. 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.

xiii. 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 Indian Accounting Standard (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has made a preferential allotment of shares during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised except as described below:

Equity Shares	Purpose for which funds raised	Total Amount Raised & Opening unutilised balance	Amount utilised for the purpose of its raise	Un-utilised balance as at Balance sheet date
Qualified Institutional Placement & Preferential Issue	Business Expansion & Working Capital expansion	3153.13	1492.48	1660.65

xv. 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.

xvi. 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 MAJETI & CO
Chartered Accountants
Firm's Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Hyderabad
May 18, 2019

BALANCE SHEET
as at March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	10,840.89	9,986.73
(b) Capital work-in-progress	3	3,482.52	1,579.17
(c) Investment property	4	8.02	8.02
(d) Intangible assets	5	406.84	2.81
(e) Financial assets			
(i) Investments	6	531.00	531.00
(ii) Trade receivables	10	28.76	34.78
(iii) Other financial assets	7	1.03	66.93
(f) Other non-current assets	8	1,057.53	628.49
Total non-current assets		**16,356.59**	**12,837.93**
II Current assets			
(a) Inventories	9	3,205.76	3,567.35
(b) Financial assets			
(i) Trade receivables	10	6,486.94	9,717.56
(ii) Cash and cash equivalents	11	187.51	230.46
(iii) Bank balances other than (ii) above	12	2,710.11	3,649.00
(c) Other current assets	8	643.46	615.40
Total current assets		**13,233.78**	**17,779.77**
TOTAL ASSETS		**29,590.37**	**30,617.70**
EQUITY AND LIABILITIES			
III Equity			
(a) Equity share capital	13	1,075.22	1,063.71
(b) Other equity		19,862.25	18,761.91
Total equity		**20,937.47**	**19,825.62**
LIABILITIES			
IV Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	652.09	780.46
(ii) Other financial liabilities	15	8.30	38.30
(b) Provisions	16	312.24	269.38
(c) Deferred tax liabilities(net)	17	1,410.28	1,354.17
Total non-current liabilities		**2,382.91**	**2,442.31**
V Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1,840.08	3,506.24
(ii) Trade payables			
- dues to micro and small enterprises(refer note: 35)		46.37	144.41
- dues to others		2,541.01	2,119.52
(iii) Other financial liabilities	15	1,351.23	1,343.41
(b) Other current liabilities	18	277.55	737.23
(c) Provisions	16	136.67	189.84
(d) Current tax liabilities(net)	19	77.08	309.12
Total current liabilities		**6,269.99**	**8,349.77**
Total liabilities		**8,652.90**	**10,792.08**
TOTAL EQUITY AND LIABILITIES		**29,590.37**	**30,617.70**

The accompanying notes are an integral part of the financial statements

As per our report of even date **For and on behalf of the Board**

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

Kiran Kumar Majeti
Partner
Membership number: 220354

K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	20	24,093.35	27,130.21
II	Other income	21	259.03	220.49
III	**Total revenue (I+II)**		**24,352.38**	**27,350.70**
IV	**Expenses**			
	Cost of raw materials consumed	22	13,012.24	15,344.77
	Purchases of stock in trade		401.15	315.79
	Changes in inventories of finished goods, work-in-progress and scrap	23	534.98	140.27
	Excise duty		-	539.36
	Employee benefits expense	24	4,671.16	5,336.60
	Finance costs	25	552.27	514.84
	Depreciation and amortisation expense	26	418.91	363.35
	Research and development expenses	27	90.70	85.96
	Other expenses	28	3,039.32	3,365.82
	Total expenses (IV)		**22,720.73**	**26,006.76**
V	**Profit before tax (III-IV)**		**1,631.65**	**1,343.94**
VI	**Income tax expense**			
	Current tax	29	402.99	538.30
	Deferred tax	29	56.11	(67.77)
	Total tax expense		**459.10**	**470.53**
VII	**Profit for the year (V-VI)**		**1,172.55**	**873.41**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of defined benefit plan		(125.00)	(121.06)
	Income tax relating to above		43.68	42.30
	Other Comprehensive Income after tax for the year (VIII)		**(81.32)**	**(78.76)**
IX	**Total comprehensive income for the year (VII+VIII)**		**1,091.23**	**794.65**
X	**Earnings per share (par value of ₹ 10 each)**	39		
	Basic		11.00	8.42
	Diluted		11.00	8.42

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
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DIN: 00053985

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Membership number: 220354

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Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)v

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A	**Cash flow from operating activities**		
	Profit before income tax	1,631.65	1,343.94
	Adjustments for		
	Depreciation and amortisation expense	418.91	363.35
	Unrealised foreign exchange (gain)/ loss (net)	(49.42)	2.51
	Expected credit loss	110.34	191.47
	Interest income	(256.56)	(203.08)
	Finance costs	552.27	514.84
	Remeasurements of defined benefit plan	(125.00)	(121.06)
	Bad debts written off	241.95	-
	Provision for liabilities no longer required, written back	-	(14.68)
	Unbilled revenue receivable written off	88.12	-
	(Profit)/ loss on sale of Property, plant and equipment	(1.25)	1.87
	Book deficit on assets discarded	0.34	0.32
	Operating profit before working capital changes	**2,611.35**	**2,079.48**
	Adjustments for		
	Trade receivables and other assets	2,650.20	(4,224.53)
	Inventories	361.59	(216.65)
	Trade payables, other liabilities and provisions	(213.45)	893.19
	Cash generated from operating activities	**5,409.69**	**(1,468.51)**
	Income taxes paid	562.82	671.05
	Net cash generated from operating activities (A)	**4,846.87**	**(2,139.56)**
B	**Cash flows from investing activities**		
	Payments for property, plant and equipment, intangible assets and capital work-in-progress	(3,785.73)	(1,574.77)
	Payments for investment in joint venture	-	(5.00)
	Proceeds from disposal of property, plant and equipment	2.07	19.36
	Redemption/ (Investments) in bank deposits (having original maturity of more than three months) (net)	931.69	(3,099.85)
	Interest received	268.40	82.12
	Net cash inflow / (outflow) from investing activities (B)	**(2,583.57)**	**(4,578.14)**

STATEMENT OF CASH FLOWS
for the year ended March 31, 2019 (Continued)

(All amounts in INR lakhs, unless otherwise stated)v

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C	**Cash flows from financing activities**		
	(Repayment)/ Proceeds from non-current borrowings (net)	(134.74)	377.45
	(Repayment)/ Proceeds from current borrowings (net)	(1,647.89)	337.96
	Finance costs	(545.59)	(533.93)
	Dividends paid to company's shareholders (including dividend distribution tax)	(320.59)	(384.08)
	Proceeds from issue of share warrants	-	148.80
	Proceeds from issue of share capital including securities premium		
	- to promoters and promoters group	341.21	515.23
	- to others	-	6,376.82
	Net cash inflow / (outflow) from financing activities (C)	**(2,307.60)**	**6,838.25**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	(44.30)	120.55
	Exchange difference on translation of foreign currency cash and cash equivalents	1.35	(0.17)
	Cash and cash equivalents at the beginning of the year	230.46	110.08
E	**Cash and cash equivalents at end of the year**	**187.51**	**230.46**
F	**Reconciliation of cash and cash equivalents as per cash flow statement**		
	Cash and cash equivalents as per above comprise of the following:		
	Cash and cash equivalents (refer note: 11)	187.51	230.46
	Balance as per statement of cash flows	**187.51**	**230.46**

The accompanying notes are an integral part of the financial statements

1. The Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 “Statement of Cash Flows”.
2. Previous year figures have been regrouped /reclassified to conform to current year classification.
3. Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our report of even date

For MAJETI & CO.
Chartered Accountants
Firm’s registration number: 015975S

Kiran Kumar Majeti
Partner
Membership number: 220354

Secunderabad
May 18, 2019

For and on behalf of the Board

C. Subba Rao
Chief Financial Officer

K. Vijayashree
Company Secretary

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

A Equity share capital

Issued, subscribed and paid up Equity shares of ₹ 10/- each	Note	No. of shares	Amount
As at April 1, 2017		88,58,575	885.86
Change during the year		17,78,564	177.85
As at March 31, 2018		**1,06,37,139**	**1,063.71**
Change during the year		1,15,100	11.51
As at March 31, 2019	13	**1,07,52,239**	**1,075.22**

B Other equity

	Reserves & surplus				Money received against share warrants	Other comprehen-sive income	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings			
Balance as at April 1, 2017	0.13	551.78	1700.00	9303.39	-	(66.96)	11488.34
Profit for the year	-	-	-	873.41	-	-	873.41
Remeasurements of defined benefit plan, net of income tax	-	-	-	-	-	(78.76)	(78.76)
	-	**-**	**-**	**873.41**	**-**	**(78.76)**	**794.65**
Transactions with owners in their capacity as owners							
Issue of Share Warrants	-	-	-	-	148.80	-	148.80
Received on account of qualified institutional placement	-	6,438.90	-	-	-	-	6,438.90
Issues expenses related to qualified institutional placement	-	(227.18)	-	-	-	-	(227.18)
Issue of shares through preferential allotment	-	507.70	-	-	-	-	507.70
Issue expenses related to preferential allotment	-	(5.22)	-	-	-	-	(5.22)
Dividend (including tax on dividend)	-	-	-	(384.08)	-	-	(384.08)
	-	**6,714.20**	**-**	**(384.08)**	**148.80**	**-**	**6,478.92**
Balance as at March 31, 2018	**0.13**	**7,265.98**	**1,700.00**	**9,792.72**	**148.80**	**(145.72)**	**18,761.91**
Balance as at April 1, 2018	0.13	7,265.98	1,700.00	9,792.72	148.80	(145.72)	18,761.91
Profit for the year	-	-	-	1,172.55	-	-	1,172.55
Remeasurements of defined benefit plan, net of income tax	-	-	-	-	-	(81.32)	(81.32)
	-	**-**	**-**	**1,172.55**	**-**	**(81.32)**	**1,091.23**

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2019 (Continued)

(All amounts in INR lakhs, unless otherwise stated)

B Other equity

	Reserves & surplus				Money received against share warrants	Other comprehensive income	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings			
Transactions with owners in their capacity as owners							
Issue of shares through preferential allotment		458.10	-	-	(128.40)	-	329.70
Forfeiture of share warrants	20.40				(20.40)		-
Dividend (Including tax on dividend)	-	-	-	(320.59)	-		(320.59)
Balance as at March 31, 2019	**20.53**	**7,724.08**	**1,700.00**	**10,644.68**	**-**	**(227.04)**	**19,862.25**

Nature and purpose of reserves

(i) Capital reserve

Capital reserve represents share application money received from allottees and forfeiture due to non payment of remaining call money within due date as per terms of issue.

(ii) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iii) General reserve

General reserve is used for strengthening the financial position and meeting future contingencies and losses.

(iv) Retained earnings

This reserve represents the cumulative profits of the company. It includes land revaluation amount of ₹ 5,570.59 lakhs on transition date (i.e. April 01, 2016) which will not be available for declaration of dividend as per Companies (Declaration and payment of Dividend) Rules, 2014.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

Kiran Kumar Majeti
Partner
Membership number: 220354

K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

NOTES TO FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

1. Background

Premier Explosives Limited (PEL), (the 'company') is a public limited company incorporated in the year 1980 under the provisions of erstwhile Companies Act, 1956 having its registered office at Secunderabad in the state of Telangana, India. The equity shares of the company are listed with two stock exchanges in India viz., BSE Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai.

The company is engaged in manufacture of high energy materials like bulk explosives, packaged explosives, detonators, detonating fuse, solid propellants, pyrogen igniters, pyro devices, etc., having applications in mining, infrastructure, defence, space, homeland security and such other areas. The company also operates and maintains solid propellant plants of defence and space establishments.

The financial statements are approved for issue by the Company's Board of Directors on May 18, 2019.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared as a going concern on accrual basis of accounting. The company has adopted historical cost basis for assets and liabilities except for certain items which have been measured on a different basis and such basis is disclosed in the relevant accounting policy.

(iii) New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from contracts with customers
- Appendix B, Foreign Currency Transactions and advance consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investment Property

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Change in Accounting Policy

With effect from March 31, 2019, the company has changed its accounting policy of inventories valuation from Weighted average method to First-in-First-out (FIFO) method during the year. The change in the policy reflects actual flow of inventories and, hence, provides reliable and more relevant information to the users of financial statements. The change in the above accounting policy has resulted in increase in value of inventories by ₹ 8.98 lakhs (Previous year: Decrease by ₹ 0.54 lakhs). Consequently, the net profit for the year is higher by the said amount.

(v) Current and non-current classification

An asset is classified as current, if

(i) It is expected to be realised or sold or consumed in the company's normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realised within twelve months after the reporting period; or

(iv) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current, if

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be settled within twelve months after the reporting period;

(iv) It has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per company's operating cycle and other criteria set out in Schedule-III of the Companies Act, 2013. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. The Chairman and Managing Director has been identified as being the Chief Operating Decision Maker. The company is engaged in the business of "High Energy Materials" and has only one reportable segment in accordance with Ind AS 108 "Operating Segment".

2.3 Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dvates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income.

2.4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are

- Estimation of current tax expense and payable
- Estimation of defined benefit obligation [refer note: 24(a) (ii)]
- Estimation of expected credit loss on financial assets [refer note: 31(A)]
- Estimation of useful life of fixed assets
- Estimation of useful life of intangible asset

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have the financial impact of the company and that are believed to be reasonable under the circumstances.

2.5 Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Refer note 2.5– Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. No impact of the adoption of the standard on the financial statements of the Company is insignificant.

Sale of products - recognition & measurement

Revenue from the sale of products is recognised at the point in time when the products are delivered to the customer (as it considered as that customer has obtained the control / legal title has been transferred) as per the terms of the contract. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Company's customers pay for products received in accordance with payment terms that are customary in the industry and do not have significant financing components.

For revenues disaggregated by geography and timing of recognition [refer note 20]

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delay / default attributable to the Company and when there is a reasonable certainty with which the same can be estimated.

Sale of services - recognition & measurement

Revenue from operations and maintenance services are recognised on output basis measured by efforts expended, number of transactions processed, etc.

Some contracts include multiple deliverables, such as the sale of products required for maintenance services. It is therefore accounted for as a separate performance obligation. The revenue from sale of products is recognised at a point in time when the product is delivered, the legal title has been passed and the customer has accepted the product.

Dividend income

Dividend income on investments is accounted for when the right to receive the payment is established, which is generally when shareholders approve the dividend. Dividend income is included in Other Income in the Statement of Profit and Loss.

Interest income

Interest income on all financial assets is measured at amortised cost. It is recognised using the effective interest rate (EIR) method and is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the expected credit loss).

2.6 Property, plant and equipment

Freehold land is carried at deemed cost. On transition to Ind AS, the company has elected the option of fair value as deemed cost of land as at April 01, 2016. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 01,2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit and loss in the period the item is derecognised.

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

Depreciation methods, estimated useful lives and residual value

Depreciation is computed on a straight line method to allocate their cost, net of their residual values, over their estimated useful lives in the manner prescribed in Schedule II of the Act.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. The residual values are not more than 5% of the original cost of the asset. Property, plant and equipment individually costing ₹ 5,000 or below are fully depreciated in the year of purchase. Depreciation on additions /deletions is calculated on a monthly pro-rata basis.

Leasehold land is amortised over the lease period.

2.7 Intangible assets and amortisation

(i) Computer software

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- the expenditure attributable to the software during its development can be reliably measured

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(ii) Technology transfer rights (Transfer of Technology - ToT)

Separately acquired transfer of technology is shown at historical cost. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Amortisation methods and periods

The company amortises intangible assets using the straight-line method over the following periods:

- Computer Software – 3 years based on their estimated useful lives.
- Transfer of Technology – 10 years based on finite useful life.

All intangible assets are tested for impairment. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortisation and/or impairment losses.

2.8 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the amount of proceeds, net of direct costs of the capital issue.

2.9 Financial instruments

Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement - Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments

At amortised cost

Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

At fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using effective interest rate method. Foreign exchange gains/ (losses) and impairment expenses are presented as separate line item in statement of profit and loss.

At fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Investment in subsidiaries and joint ventures

Investment in subsidiaries and Joint ventures are measured at cost less impairment as per Ind AS 27.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(ii) Financial liabilities

Classification, initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset the difference between the carrying amount and the consideration received is recognised in the statement of profit and loss.

The company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. On de-recognition of a financial liability the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

2.10 Impairment of assets

Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are measured through a loss allowance at an amount equal to

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Non-financial assets

Property, plant & equipment and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

2.11 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

2.12 Inventories

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

During the year, accounting policy changed from Weighted average basis to FIFO basis. Refer note no: 2.1(iv) for details of the impact on financial statements.

(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.

(iii) Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in-first-out basis.

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.

(iv) Scrap is valued at net realisable value. Obsolete, defective and unserviceable inventories are duly provided for.

2.13 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

2.14 Leases

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measures reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.16 Discontinued operations

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

2.17 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The company operates the following post-employment schemes

(a) Defined benefit plans such as gratuity

(b) Defined contribution plans such as provident fund

(c) State plans

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(a) **Defined benefit plans - Gratuity obligations**

The liability or assets recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(b) Defined contribution plans

The Company pays provident fund contributions to publicly administered funds as per applicable regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(c) State plans

Employer's contribution to Employees' State Insurance is charged to statement of profit and loss.

2.18 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividend is recognised as a liability in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2.19 Research and development expenditure

Revenue expenditure pertaining to research is charged to the statement of profit and loss. Product development costs are charged to the statement of profit and loss unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalised.

2.20 Earnings per share

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

2.21 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used in the production of goods and services or for the administrative purposes, is classified as Investment property and is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

2.22 Government grants

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Export entitlements from government authorities are recognised in the statement of profit and loss as a reduction from "Cost of materials consumed" when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the group, and where there is no significant uncertainty regarding the ultimate realisation of the entitlement.

2.23 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.24 Recent accounting pronouncements (Standards issued but not yet effective)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to the provisions of Ind AS which the company has not applied as they are effective from April 1, 2019.

Ind AS - 116

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing leases Standard, Ind AS 17 Leases, and related interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

The Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect on adoption of Ind AS 116 would be insignificant in the standalone financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	Freehold land	Freehold buildings	Plant and machinery		Furniture, fittings and equipment	Vehicles	Data processing equipment	Leasehold land	Total property, plant and equipment	Capital work-in-progress
			Plant and machinery	Research and development equipment						
Year ended March 31, 2018										
Gross carrying amount										
Opening gross carrying amount	6002.06	1757.60	4058.47	140.09	166.44	158.80	59.81	22.79	12366.06	368.96
Additions	41.81	183.52	196.65	2.26	9.21	9.63	3.98	24.89	471.95	1210.21
Disposals	-	-	(20.80)	-	(0.58)	(9.19)	-	-	(30.57)	-
Closing gross carrying amount	6043.87	1941.12	4234.32	142.35	175.07	159.24	63.79	47.68	12807.44	1579.17
Accumulated depreciation										
Opening accumulated depreciation	-	485.18	1713.18	68.06	97.42	54.77	48.71	0.69	2,468.01	-
Depreciation charge during the year	-	65.36	250.50	9.88	15.25	15.63	4.85	0.25	361.72	-
Disposals	-	-	(5.64)	-	(0.58)	(2.80)	-	-	(9.02)	-
Closing accumulated depreciation	-	550.54	1,958.04	77.94	112.09	67.60	53.56	0.94	2,820.71	-
Net carrying amount as at March 31, 2018	**6,043.87**	**1,390.58**	**2,276.28**	**64.41**	**62.98**	**91.64**	**10.23**	**46.74**	**9,986.73**	**1,579.17**
Year ended March 31, 2019										
Gross carrying amount										
Opening gross carrying amount	6,043.87	1,941.12	4,234.32	142.35	175.07	159.24	63.79	47.68	12,807.44	1,579.17
Additions	10.88	401.39	763.15	26.71	5.53	-	3.66	32.48	1,243.80	3,465.67
Disposals	0.82	0.62	-	-	0.02	-	-	-	1.46	1,562.32
Closing gross carrying amount	6,053.93	2,341.89	4,997.47	169.06	180.58	159.24	67.45	80.16	14,049.78	3,482.52
Accumulated depreciation										
Opening accumulated depreciation	-	550.54	1,958.04	77.94	112.09	67.60	53.56	0.94	2,820.71	-
Depreciation charge during the year	-	66.96	274.73	10.37	15.64	15.52	4.59	0.67	388.48	-
Disposals	-	0.28	-	-	0.02	-	-	-	0.30	-
Closing accumulated depreciation	-	617.22	2,232.77	88.31	127.71	83.12	58.15	1.61	3,208.89	-
Net carrying amount as at March 31, 2019	**6,053.93**	**1,724.67**	**2,764.70**	**80.75**	**52.87**	**76.12**	**9.30**	**78.55**	**10,840.89**	**3,482.52**

Notes:

1) Capital work in progress mainly comprises of new manufacturing unit being constructed at Katepally.

2) Refer note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3) Refer note 40 for information on property, plant and equipment provided as security by the company.

4) Gross carrying amount of leasehold land represents amounts paid under certain lease agreements to acquire land where the Company has an option to renew the properties on expiry of the lease period.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 4: Investment property

	As at March 31, 2019	As at March 31, 2018
Opening balance	8.02	8.02
Net carrying amount	**8.02**	**8.02**

Fair value of the investment property determined by a recognised independent valuer Mr. K. Anjaneyulu, based on valuation as at April 1, 2016 is ₹ 250.24 lakhs. During the year management determines there is no significant change in fair value of property valuations. (Pricing model approach Level 3).

Note 5: Intangible assets (acquired)

	Computer software	Technology transfer rights*	Total
Year ended March 31, 2018			
Gross carrying amount			
Opening gross carrying amount	32.03	-	32.03
Additions	-	-	-
Closing gross carrying amount	32.03	-	32.03
Accumulated amortisation			
Opening accumulated amortisation	27.59	-	27.59
Amortisation charge during the year	1.63	-	1.63
Closing accumulated amortisation	29.22	-	29.22
Closing net carrying amount as at March 31, 2018	**2.81**	**-**	**2.81**
Year ended March 31, 2019			
Gross carrying amount			
Opening gross carrying amount	32.03	-	32.03
Additions	2.46	432.00	434.46
Closing gross carrying amount	34.49	432.00	466.49
Accumulated amortisation			
Opening accumulated amortisation	29.22	-	29.22
Amortisation charge during the year	1.49	28.94	30.43
Closing accumulated amortisation	30.71	28.94	59.65
Closing net carrying amount as at March 31, 2019	**3.78**	**403.06**	**406.84**

* Technology transfer rights (Transfer of Technology) provided by Defence Research and Development Organisation (DRDO) to the Company for manufacturing of products for Indian armed forces which is amortised over the license period.

Note 6: Non-current investments

	As at March 31, 2019	As at March 31, 2018
(Un quoted, fully paid up) **Investment in equity instruments in subsidiary companies (at cost)**		
Premier Wire Products Limited 52,00,000 (March 31, 2018: 52,00,000) equity shares of ₹ 10/- each, fully paid	520.00	520.00
PELNEXT Defence Systems Private Limited 10,000 (March 31, 2018:10,000) equity shares of ₹ 10/- each fully paid	1.00	1.00
Investment in equity instruments in joint venture (at cost)		
BF Premier Energy Systems Private Limited 1,00,000 (March 31, 2018: 1,00,000) equity shares of ₹ 10/- each, fully paid	10.00	10.00
Total Non-current investments	**531.00**	**531.00**
Aggregate amount of unquoted investments	531.00	531.00
Aggregate amount of impairment in the value of investments	-	-

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018

Note 7: Other financial assets

(i) Non current

Loan to related parties	1.03	-
Bank deposits with more than 12 months maturity	-	66.93
Total other non-current financial assets	**1.03**	**66.93**

Note 8 : Other assets

(i) Non current

Capital advances	529.43	264.26
Advances other than capital advances:		
Security deposits	352.18	187.60
Pre-paid expenses	175.92	160.70
Advance taxes (net of provisions)	-	15.93
Total other non-current assets	**1,057.53**	**628.49**

(ii) Current

Balances with government authorities	170.37	-
Prepaid expenses	165.26	158.44
Advances to suppliers	108.15	172.54
Other receivable	75.30	67.60
Unbilled revenue	124.38	216.82
Total other current assets	**643.46**	**615.40**

Note 9: Inventories (valued at lower of cost and net realisable value)

Raw materials	2,138.77	1,885.01
Work-in-progress	273.91	700.56
Finished goods	137.27	242.11
Stores and spares	650.47	730.84
Scrap (at net realisable value)	5.34	8.83
Total inventories	**3,205.76**	**3,567.35**
Raw materials includes stock in transit	13.20	56.25

Note 9 (a): Refer note 40 for information on inventories provided as security by the company.

Note 10: Trade receivables

(i) Non-current

Trade receivables	28.77	34.79
Less: Provision for expected credit loss [refer note: 31(A)]	0.01	0.01
Total non-current trade receivables	**28.76**	**34.78**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

		As at March 31, 2019	As at March 31, 2018
(ii)	**Current**		
	Trade receivables	6,932.40	10,052.68
	Less: Provision for expected credit loss [refer note: 31(A)]	445.46	335.12
	Total current trade receivables	**6,486.94**	**9,717.56**

Note 10 (a): Refer note 40 for information on trade receivables provided as security by the company.
Note 10 (b): Break-up of security details

Considered good- Secured	-	-
Considered good- Unsecured	6,961.17	10,087.47
Which have significant increase in credit risk	-	-
Credit impaired	-	-
	6,961.17	**10,087.47**
Less: Provision for expected credit loss [refer note: 31(A)]	445.47	335.13
Total trade receivables	**6,515.70**	**9,752.34**

Note 11: Cash and cash equivalents

Balances with banks		
in Current accounts	24.92	32.59
in EEFC accounts	158.83	192.25
Cash on hand	3.76	5.62
Total cash and cash equivalents*	**187.51**	**230.46**

* There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

Note 12: Bank balances other than cash and cash equivalents

Earmarked balances with banks*	26.56	24.41
Deposits with original maturity over 3 months but less than 12 months	1,609.72	2,801.62
Margin money deposits with banks	1,073.83	822.97
Total Bank balances other than cash and cash equivalents	**2,710.11**	**3,649.00**

* Earmarked balances represent unpaid dividend.

Note 12 (a): Margin money deposits include ₹ 1035.88 lakhs (March 31, 2018: ₹ 673.80 lakhs) pledged / lien against bank guarantees issued by the banks. (refer note: 33(i))

Note 13: Equity share capital

Movement of equity share capital during the year

Authorised

	No. of shares	Amount
As at April 1, 2017	1,00,00,000	1,000.00
Change during the year	50,00,000	500.00
As at March 31, 2018	**1,50,00,000**	**1,500.00**
Change during the year	-	-
As at March 31, 2019	**1,50,00,000**	**1,500.00**

Issued, subscribed and paid up

	No. of shares	Amount
As at April 1, 2017	88,58,575	885.86
Change during the year	17,78,564	177.85
As at March 31, 2018	**1,06,37,139**	**1,063.71**
Change during the year	1,15,100	11.51
As at March 31, 2019	**1,07,52,239**	**1,075.22**

Preferential allotment

During the year the company has made preferential allotment of 1,15,100 equity shares of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398 per share to promoters 1,00,100 shares and others 15,000 shares. Thus the equity share capital has increased by ₹ 11.51 lakhs and securities premium by ₹ 458.10 lakhs.

(iii) Details of shareholders holding more than 5% shares in the company

	Dr. A.N.Gupta	Dr. (Mrs.) Kailash Gupta	A. N. Gupta (HUF)	HDFC Trustee Company Ltd
March 31, 2019				
Number of shares	2,605,086	1,160,767	656,697	839,700
% holding	24.23%	10.80%	6.11%	7.81%
March 31, 2018				
Number of shares	2,538,599	1,102,798	656,697	825,000
% holding	23.87%	10.37%	6.17%	7.76%

Terms and 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.

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.

Note 14: Borrowings

(i) Non-current

	As at March 31, 2019	As at March 31, 2018
Term loans **Secured**		
From banks	918.75	1,056.37
Less: Current maturities of long-term debt	(262.50)	(268.87)
Less: Unamortised upfront fee	(4.16)	(7.04)
Total non-current borrowings	**652.09**	**780.46**

Note 14 (a): Above secured term loans are secured by first charge on the assets financed out of the above said loans including building and machinery and second charge on current assets of the company and personal guarantee by Chairman and Managing Director & Deputy Managing Director of the company.

Note 14 (b): Repayment terms: Secured term loan comprises of 14 equal quarterly instalments of ₹ 65.63 lakhs each (April, 2019 to March, 2022), with an applicable interest rate of 9.25% as on the reporting date.

Note 14 (c): Rate of interest on loans from related parties carries at 11.00% per annum.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

		As at March 31, 2019	As at March 31, 2018
(ii)	**Current**		
	Loans repayable on demand **Secured**		
	Working capital loans from banks	1,320.60	1,532.09
	Working capital loans from banks - in foreign currency	-	1,480.40
	Unsecured		
	Loans from banks	4.70	-
	Loans from related parties (refer note: 37)	514.78	493.75
	Total current borrowings	**1,840.08**	**3,506.24**

Note 14 (d): Working capital 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.

Note 14 (e): Rate of interest on current borrowings is as per the agreement with the respective banks i.e. bank rate 9.65% to 10.70% (+/-) spread as applicable.

Note 14 (f): The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 40.

Note 14 (g): Net debt reconciliation

Opening balance of borrowings	4,562.61	3845.61
Add: Proceeds from non-current borrowings	-	1,050.00
Less: Repayments of non-current borrowings	(134.74)	(672.55)
Proceeds / (repayment) from current borrowings	(1,647.89)	337.96
Foreign exchange adjustments	(18.27)	4.52
Fair value adjustment	(2.88)	(2.93)
Closing balance of borrowings	**2,758.83**	**4,562.61**

Note 15: Other financial liabilities

i)	**Non-current**		
	Dealership deposits	7.20	37.20
	Earnest money deposits	1.10	1.10
		8.30	**38.30**
ii)	**Current**		
	Current maturities of long-term borrowings	262.50	268.87
	Interest accrued but not due	78.03	58.75
	Unclaimed dividend (refer note: 15.1)	26.56	24.41
	Capital creditors	226.29	165.24
	Employee benefits payable	587.76	567.39
	Creditors for expenses	170.09	258.75
	Total other financial liabilities	**1,351.23**	**1,343.41**

Note 15.1: Unclaimed dividend account represents dividend amount unclaimed and no amount is due for deposit in Investor Education and Protection Fund.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Note 16: Provisions		
Employee benefit obligations		
i) Non-current		
Gratuity [refer note: 24 (a)]	92.89	49.68
Leave encashment	219.35	219.70
Total	**312.24**	**269.38**
ii) Current		
Gratuity [refer note: 24(a)]	63.48	106.48
Leave encashment	73.19	83.36
Total	**136.67**	**189.84**

Note 17: Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Deferred Tax (assets) / liabilities		
On property, plant and equipment and intangible assets	1,778.79	1,711.92
Deferred tax on transaction cost on borrowings	1.45	2.46
Provision for expected credit loss	(155.66)	(117.11)
Expenses allowable on the basis of payment	(214.30)	(243.10)
Deferred tax (assets) / liabilities (net)	**1,410.28**	**1,354.17**

Movement in deferred tax (assets) / liabilities

	Property, plant and equipment	Provision for expected credit loss	Expenses allowable on the basis of payment	Deferred tax on transaction cost on borrowings	Total
As at April 1, 2017	**1,705.71**	**(49.72)**	**(237.51)**	**3.45**	**1,421.93**
Charged / (credited)					
- to profit or loss	6.21	(67.39)	36.71	(0.99)	(25.46)
- to other comprehensive income	-	-	(42.30)	-	(42.30)
As at March 31, 2018	**1,711.92**	**(117.11)**	**(243.10)**	**2.46**	**1,354.17**
Charged / (credited)					
- to profit or loss	66.87	(38.55)	72.48	(1.01)	99.79
- to other comprehensive income	-	-	(43.68)	-	(43.68)
As at March 31, 2019	**1,778.79**	**(155.66)**	**(214.30)**	**1.45**	**1,410.28**

Note 18: Other current liabilities

Statutory taxes payable	98.14	329.82
Advance from customers	179.41	407.41
Total other current liabilities	**277.55**	**737.23**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Note 19: Current tax liabilities (net)		
Current tax (Net of pre-paid taxes: ₹ 1625.54 Lakhs, March 31, 2018: ₹ 2034.88 lakhs)	41.68	261.12
Interest on income tax	35.40	48.00
Total current tax liabilities	**77.08**	**309.12**

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 20: Revenue from operations		
Revenue from contracts with customers*		
- Sale of products	22,137.92	24,463.63
- Sale of traded goods	414.09	345.45
- Sale of services	1,465.39	2,206.44
	24,017.40	**27,015.52**
Other operating revenue	75.95	114.69
Total revenue from operations	**24,093.35**	**27,130.21**

* Includes excise duty Nil (March 31, 2018: ₹ 539.36 lakhs)

Disaggregation of revenue from contracts with customers

The company derives revenue from transfer of goods and services from the following geographical locations.

Geographical location		
- India	23,102.30	25,242.01
- Other countries	991.05	1,888.20
Total	**24,093.35**	**27,130.21**

Note 21: Other income

Interest income from financial assets measured at amortised cost	256.56	203.08
Gain on sale of property, plant & equipment	1.25	-
Other non-operating income	1.22	17.41
Total other income	**259.03**	**220.49**

Note 22: Cost of raw materials consumed

Raw materials at the beginning of the year	1,885.01	1,563.74
Add: Purchases	13,266.00	15,666.04
Less: Raw materials at the end of the year	(2,138.77)	(1,885.01)
Total cost of raw materials consumed	**13,012.24**	**15,344.77**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 23: Changes in inventories of finished goods, work-in-progress and scrap		
Opening balance		
Finished goods	242.11	260.36
Work-in-progress	700.56	827.24
Scrap	8.83	4.17
Total opening balance	**951.50**	**1,091.77**
Closing balance		
Finished goods	137.27	242.11
Work-in-progress	273.91	700.56
Scrap	5.34	8.83
Total closing balance	**416.52**	**951.50**
Changes in inventories of finished goods, work-in-progress and scrap	**534.98**	**140.27**
Note 24: Employee benefits expense		
Salaries, wages, bonus and other allowances	4,096.61	4,743.98
Contribution to provident fund and other funds	338.17	358.62
Contribution to ESI	28.33	30.95
Staff welfare expenses	208.05	203.05
Total employee benefits expense	**4,671.16**	**5,336.60**

Note 24(a):

(i) Defined contribution plans

Employer's contribution to Provident Fund: Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Employer's contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The contributions are made to Employee State Insurance Corporation (ESI) of the respective State Governments of the Company's location. This corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Employer's contribution to provident fund	265.12	279.74
Employer's contribution to ESI	28.43	31.04

(ii) Defined benefits plans

Post-employment obligations - Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on resignation/retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Gratuity		
A) Reconciliation of opening and closing balances of defined benefit obligation - Gratuity (funded)		
Defined benefit obligation at beginning of the year	942.33	783.40
Current service cost	70.14	63.00
Interest cost	72.13	61.25
Actuarial (gain) / loss	124.82	116.52
Benefits paid	(81.53)	(81.84)
Defined benefit obligation at year end	1,127.89	942.33
B) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of year	786.17	614.04
Expected return on plan assets	64.38	54.03
Actuarial (gain) / loss	(0.18)	(4.54)
Employer's contribution	202.68	204.48
Benefits paid	(81.53)	(81.84)
Fair value of plan assets at year end	971.52	786.17
C) Reconciliation of fair value of assets and obligations		
Fair value of plan assets	971.52	786.17
Present value of obligation	1,127.89	942.33
Amount recognised in balance sheet, surplus / (deficit)	**(156.37)**	**(156.16)**
D) Expenses recognised during the year		
In income statement		
Current service cost	70.14	63.00
Interest cost	72.13	61.25
Return on plan assets	(64.38)	(54.03)
Net cost	**77.89**	**70.22**
In other comprehensive income		
Actuarial gain / (loss)	(125.00)	(121.06)
Net (income) / expense for the year recognised in OCI	**202.89**	**191.28**

(All amounts in INR lakhs, unless otherwise stated)

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.60%	8.00%
Salary growth rate	4%	4%
Withdrawal rate	2%	2%
Retirement age	55 years	55 years
Average balance future services	16.89	16.21
Mortality table(Life Insurance Corporation)	2012-14	2006-08

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	For the year ended March 31, 2019
Defined benefit obligation	1,127.89
Discount rate:(% change compared to base due to sensitivity)	
Increase : +1%	1,045.58
Decrease: -1%	1,220.65
Salary growth rate: (% change compared to base due to sensitivity)	
Increase: +1%	1,229.62
Decrease: -1%	1,036.58
Withdrawal rate: (% change compared to base due to sensitivity)	
Increase: +1%	1,148.40
Decrease: -1%	1,105.24

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Defined benefit liability and employer contributions

The company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company. The company considers that the contribution rate set at the last valuation date is sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 11.25 years. The expected cash flows over the years is as follows:

	As at March 31, 2019
Defined benefit obligation - gratuity	
Less than a year	63.49
Between 2-5 years	357.84
Over 6 years	740.16
Total	**1,161.49**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Risk management

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements

Salary cost inflation risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 25: Finance costs		
Interest and finance charges on financial liabilities carried at amortised cost	394.66	333.38
Interest on income tax	4.05	8.85
Other borrowing costs	153.56	172.61
Total finance costs	**552.27**	**514.84**
Note 26: Depreciation and amortisation expense		
Depreciation of property, plant and equipment	388.48	361.72
Amortisation of intangible assets	30.43	1.63
Total depreciation and amortisation expense	**418.91**	**363.35**
Note 27: Research and development expenses		
Raw materials consumed	11.16	15.78
Salaries, wages, bonus and other allowances	74.60	65.54
Contribution to provident and other funds	4.84	4.55
Contribution to ESI	0.10	0.09
Total research and development expenses	**90.70**	**85.96**
Note 28: Other expenses		
Consumption of stores and spares	75.06	77.85
Consumption of packing materials	379.65	647.66
Power and fuel	261.01	301.05
Repairs and maintenance		
- Plant and machinery	468.43	542.53
- Buildings	27.44	36.39
- Others	107.52	124.72

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurance	94.03	94.46
Excise duty movement adjustment in finished goods	-	(33.11)
Rent (refer note: 28 (c) below)	46.97	30.25
Rates and taxes, excluding taxes on income	27.56	56.10
Legal and professional charges	69.13	95.54
Directors sitting fees	10.00	11.70
Printing and stationery	30.28	25.24
Communication expenses	18.89	20.93
Travelling and conveyance	254.97	297.86
Vehicle maintenance	17.98	17.35
Sales commission	178.03	249.61
Sales promotion expenses	3.22	2.68
Advertisement	10.43	6.11
Carriage outward	106.55	150.47
Other selling expenses	47.93	39.99
Technical knowhow expenses	17.99	13.48
Net loss on foreign currency transactions and translations	75.92	66.66
Bank charges	7.03	23.25
Payments to auditors [refer note: 28 (a) below]	18.48	13.59
Loss on sale of property, plant & equipment	-	1.87
Bad debts written off*	241.95	-
Book deficit on assets discarded	0.34	0.32
Expected credit loss	110.34	191.47
Unbilled revenue receivable written off	88.12	-
Donations	4.37	2.03
Corporate social responsibility [refer note: 28 (b) below]	39.90	33.19
General expenses	199.80	224.58
Total other expenses	**3,039.32**	**3,365.82**

* Mainly on account of late delivery charges of ₹ 214.81 lakhs and other deductions of ₹ 27.14 lakhs

Note 28 (a): Details of payments to auditors

Payment to auditors		
As auditors		
As statutory auditor	7.50	7.50
For quarterly reviews	6.75	4.50
In other capacities		
For certification	2.90	0.10
Re-imbursement of expenses	1.33	1.49
Total payments to auditors	**18.48**	**13.59**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 28 (b): Corporate social responsibility expenditure		
Amount required to be spent as per section 135 of the Act	36.23	33.13
Amount spent during the year on		
(i) Promoting education	8.15	5.99
(ii) Promoting healthcare	26.75	24.20
(iii) Women empowerment	4.00	1.00
(iv) Others	1.00	2.00
Total corporate social responsibility expenditure	**39.90**	**33.19**

Note 28 (c): Leases

The Company has operating lease for office premise, which is renewable on a periodical basis and cancellable at its option. Rental expenses for operating lease recognised in Statement of Profit and Loss for the year is ₹ 46.97 lakhs (Previous year is ₹ 30.25 lakhs).

Note 29: Income tax expense

This note provides an analysis of the company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the company's tax positions.

(a) Income tax expense

Current tax		
Current tax on profits for the year	438.68	538.30
Adjustments for current tax of prior periods	(35.69)	-
Total current tax expense	**402.99**	**538.30**
Deferred tax		
Decrease/ (increase) in deferred tax assets	(9.76)	(72.98)
(Decrease)/ increase in deferred tax liabilities	65.87	5.21
Total deferred tax expense/(benefit)	**56.11**	**(67.77)**
Income tax expense	**459.10**	**470.53**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Profit from operations before income tax expenses	**1,631.65**	**1,343.94**
Income tax expense		
Tax at the rate of 29.12% (2017-18: 34.608%)	475.14	465.11
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	14.16	12.07
Weighted deduction on research and development	(17.09)	(16.05)
Tax effect of expenses not allowed for tax purpose	9.47	0.76
Tax effect of expenses relating to voluntary retirement scheme	(21.52)	(25.33)
Tax effect of items in other comprehensive income considered for income tax	43.68	42.30
Adjustments for current tax of prior periods	(35.69)	-
Tax effect on others	(9.05)	(8.33)
Income tax expense	**459.10**	**470.53**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 30 : Financial instruments and risk management - Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The following table represents the fair value hierarchy of assets and liabilities:

	Fair value hierarchy	Notes	As at March 31, 2019		As at March 31, 2018	
			Carrying value	Fair value	Carrying value	Fair value
A. Financial assets						
Measured at amortised cost						
Cash and cash equivalents	Level -3	11	187.51	187.51	230.46	230.46
Other bank balances	Level -3	12	2,710.11	2,710.11	3,649.00	3,649.00
Trade receivables	Level -3	10	6,515.70	6,515.70	9,752.34	9,752.34
Other financial assets	Level -3	7	1.03	1.03	66.93	66.93
Total financial assets			**9,414.35**	**9,414.35**	**13,698.73**	**13,698.73**
B. Financial liabilities						
Measured at amortised cost						
Trade payables	Level -3		2,587.38	2,587.38	2,263.93	2,263.93
Borrowings	Level -3	14	2,492.17	2,492.17	4,286.70	4,286.70
Other financial liabilities	Level -3	15	1,359.53	1,359.53	1,381.71	1,381.71
Total financial liabilities			**6,439.08**	**6,439.08**	**7,932.34**	**7,932.34**

Note:

(i) Investments mentioned in note 6 include equity investments in Subsidiaries, Joint venture which are carried at costs and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.

(ii) The carrying amounts of trade payables, other financial liabilities, borrowings, cash and cash equivalents, other bank balances, investment in preference shares, trade receivables and other financial assets are considered to be the same as their fair values due to their short term nature and recoverability from the parties.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 31 : Financial instruments and risk management - Financial risk management

The Company's activities are exposed to Credit risk, Market risk and Liquidity risk. The Company emphasises on risk management and has an enterprise wide approach to risk management. The Company's risk management and control procedures involve prioritisation and continuing assessment of these risks and devises appropriate controls, evaluating and reviewing the control mechanism.

(A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations .The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Credit risk of the Company is managed at the company level.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively and for major receivable assessed for impairment individually. Individual trade receivables are written off when management deems them not to be collectible.

The ageing analysis of the receivables (gross of provisions) has been considered from the date of invoice

Particulars	As at March 31, 2019	As at March 31, 2018
Not Due	2,895.09	5,258.29
0-30 days	869.50	915.87
31-60 days	264.38	636.86
60-90 days	284.50	518.06
90-180 days	917.16	393.26
More than 181 days	1,730.54	2,365.13
Gross total	**6,961.17**	**10,087.47**
Less: Expected credit loss	445.47	335.13
Net trade receivables	**6,515.70**	**9,752.34**

Expected credit loss for trade receivables under simplified approach

Expected credit losses		
Opening balance	335.13	143.66
Expected credit loss	110.34	191.47
Closing balance	445.47	335.13

(B) Market risk

Market risk is the risk that the future value of a financial instrument will fluctuate due to movements in the market factors. The most common types of market risks are interest rate risk and foreign currency risk.

- **Interest rate risk**

  Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its market interest rates by fixed rate interest, rate that is linked to marginal cost of lending rate, etc. Hence, the Company is not significantly exposed to interest rate risks.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to this risk because of natural hedging in the form of imports and exports being at similar levels.

Foreign currency risk - Sensitivity

The analysis is based on the assumption that the foreign currency increases / (decreases) by 2.5% with all other variables held constant. The Company manages its market interest rates by fixed rate interest, rate that is linked to marginal cost of lending rate, etc. Hence, the Company is not significantly exposed to interest rate risks.

Unhedged foreign currency exposure as at the reporting date

	As at March 31, 2019				
	GBP (in number)	AED (in number)	USD (in number)	EURO (in number)	Equivalent amount in INR lakhs
Trade receivable (for supplies and services)	-	-	18,680	-	12.92
Advance for purchase of spares and equipment	-	-	1,69,069	50,000	160.91
Balance with banks	-	-	2,29,625	-	158.84
Security deposits	-	-	1,325	-	0.89
Advances for supplies	-	6,663	-	-	1.22
Payables for supplies and services	-	-	17,56,189	-	1,214.78
Advance from customers	-	-	75,179	-	53.19
Working capital borrowing	-	-	-	-	-

	As at March 31, 2018				
	GBP (in number)	AED (in number)	USD (in number)	EURO (in number)	Equivalent amount in INR lakhs
Trade receivable (for supplies and services)	-	-	4,96,360	-	322.85
Advance for purchase of spares and equipment	2,150	-	4,773	-	5.09
Balance with banks	-	-	2,95,568	-	192.25
Security deposits	-	-	-	-	-
Advances for supplies	1,518	6,663	12,220	-	10.49
Payables for supplies and services	-	-	12,940	-	8.41
Advance from customers	-	-	64,890	-	42.21
Working capital borrowing	-	-	18,07,396	3,78,050	1,480.40

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

2.5% increase or decrease in foreign exchange rates will have the following impact on profit / (loss) before tax

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
GBP	-	0.08
AED	0.03	0.03
USD	(24.44)	(17.54)
EURO	-	(7.64)

(C) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company's objective is to maintain a balance between continuity of funds through the use of bank overdrafts, loan from directors and other means of borrowings. The company invests its surplus funds in deposits with maturity of 12 months, which carry no / low mark to market risk.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date

	< 1 Year	1-3 Years	> 3 Years	Total
Year ended March 31, 2019				
Non-current borrowings	262.50	525.00	127.09	914.59
Current borrowings	1,840.08	-	-	1,840.08
Trade and other payable	2,587.38	-	-	2,587.38
Other financial liabilities	1,088.73	8.30	-	1,097.03
Total financial liabilities	**5,778.69**	**533.30**	**127.09**	**6,439.08**
Year ended March 31, 2018				
Non-current borrowings	268.87	525.00	255.46	1,049.33
Current borrowings	3,506.24	-	-	3,506.24
Trade and other payable	2,263.93	-	-	2,263.93
Other financial liabilities	1,074.54	38.30	-	1,112.84
Total financial liabilities	**7,113.58**	**563.30**	**255.46**	**7,932.34**

Note 32: Capital management

(a) The Company's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The company's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. And depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

(All amounts in INR lakhs, unless otherwise stated)

The company's strategy is to maintain a gearing ratio within 30%. The gearing ratio were as follows:

	As at March 31, 2019	As at March 31, 2018
Net debt*	(116.39)	700.52
Equity	20,937.47	19,825.62
Total capital (net debt + equity)	**20,821.08**	**20,526.14**
Gearing ratio (Net debt / Total capital)	**-0.56%**	**3.41%**

*** Net debt is as follows**

A) Borrowings		
Non-current borrowings	652.09	780.46
Current borrowings	1,840.08	3,506.24
Current maturity of long term debt	262.50	268.87
Total (A)	**2,754.67**	**4,555.57**
B) Cash and cash equivalents	187.51	230.46
Bank balances other than cash and cash equivalents	2,683.55	3,624.59
Total (B)	**2,871.06**	**3,855.05**
C) Net debt (A-B)	**(116.39)**	**700.52**

(b) Loan covenants

Under the terms of major borrowing facilities, the company is required to comply with the following financial covenants:

* Total net worth should be greater than ₹ 60 crores including deferred tax liabilities.

* Total outside liabilities should be less than 1.25 times of the total net worth of the company

* Debt service coverage ratio should be greater than 1.50 throughout the tenor of the loan

The company has complied with these covenants throughout the reporting period.

Note 33: Contingent liabilities

On account of letter of credit and guarantees issued by the bankers	5,156.28	5,514.37
Claims against the company not acknowledged as debts in respect of		
- Sales tax	575.83	587.66
- Income tax	-	34.39

Note: It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Note 34: Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,777.11	1550.13

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 35: Payables to Micro, Small & Medium Enterprises

Information pertaining to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) as given below has been determined to the extent such parties have been identified on the basis of information available with the company:

Principal amount remaining unpaid as at year-end	46.37	144.41
Interest due thereon as at year-end	-	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, 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 year-end	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	-	-

Note: The list of undertakings covered under MSMED was determined by the company on the basis of information available with the Company and has been relied upon by the auditors.

Note 36: Interest in other entities

The Company's subsidiaries and Joint ventures as at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the company, and the proportion of ownership interests held equals the voting rights held by the company.

Name of the entity	Relationship	Principal activity	Ownership interest	
			As at March 31, 2019	As at March 31, 2018
Premier Wire Products Limited	Subsidiary	Manufacture of galvanised Iron wire	80%	80%
PELNEXT Defence Systems Private Limited	Wholly owned subsidiary	Manufacture of defence products	100%	100%
BF Premier Energy Systems Private Limited	Joint venture	Manufacture of defence products	50%	50%

Note 37: Related Party transactions

Relationship	Name of related party
(a) Enterprises where control exists	
Wholly owned subsidiary companies	PELNEXT Defence Systems Private Limited
Subsidiaries	Premier Wire Products Limited
Joint venture	BF Premier Energy Systems Private Limited
(b) Key management personnel (KMP)	Dr. A.N.Gupta, Chairman & Managing Director
	Mr. T.V.Chowdary, Deputy Managing Director
	Col Vikram Mahajan, Director Marketing (resigned on November 30, 2017)
	Dr. (Mrs.) Kailash Gupta, Non Executive Director
	Mr. Anil Kumar Mehta, Independent Director
	Mr. P.R.Tripathi, Independent Director
	Mr. K.Rama Rao, Independent Director
	Dr. A.Venkat Raman, Independent Director
	Gen P.R.Kumar, Independent Director
(c) Relatives of key management personnel	Mrs.T.Malati
	Mrs.T.Shruti
	Ms. Akriti Mahajan
(d) Concerns in which key management personnel have substantial interest (significant interest entities)	A.N.Gupta(HUF)
(e) Concerns in which relatives of key management personnel have substantial interest (significant interest entities)	Godavari Explosives Limited

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(f) Transactions with related parties

	Amount of transaction for the year ended March 31, 2019	Amount receivable/ (payable) as at March 31, 2019	Amount of transaction for the year ended March 31, 2018	Amount receivable/ (payable) as at March 31, 2018
Key Management Personnel				
Short term employee benefits				
Managerial remuneration	359.74	(43.07)	264.96	(34.14)
Others				
Acceptance of unsecured loan	316.90	-	305.10	-
Dividend paid	92.59	-	110.91	-
Repayment of unsecured loan	295.87	(514.78)	344.60	(493.75)
Interest paid	77.36	(69.62)	55.35	(49.82)
Sitting fees	10.00	(0.18)	11.70	-
Relatives of Key Management Personnel				
Dividend paid	0.51	-	0.63	-
Concerns in which key management personnel have substantial interest (significant interest entities)				
Dividend paid	16.42	-	19.70	-
Concerns in which relatives of key management personnel have substantial interest (significant interest entities)				
Job work charges received	6.90	-	1.78	-
Concerns in which the company has substantial interest (subsidiary company)				
Purchase of raw material	124.79	(13.59)	167.62	(123.17)
Rent paid	1.19	-	0.40	-
Concerns in which the company has substantial interest (wholly owned subsidiary company)				
Loan given	1.00		-	-
Interest income	0.03	1.03	-	-
Joint venture (jointly controlled entity)				
Investment in equity shares	-	-	5.00	-

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Information regarding significant transactions

(Generally in excess of 10% of the total transaction value of the same type)

Nature of transaction / related party	For the year ended March 31, 2019	For the year ended March 31, 2018
Acceptance of unsecured loans		
Dr. A.N.Gupta	253.30	163.00
Dr. Kailash Gupta	63.60	142.10
Interest paid		
Dr. A.N.Gupta	53.60	35.19
Dr. Kailash Gupta	23.76	20.16
Job work charges received		
Godavari Explosives Limited	6.90	1.78
Managerial remuneration paid*		
Dr. A.N.Gupta#	278.79	163.61
Mr. T.V. Chowdary	80.95	69.59
Colonel Vikram Mahajan (Retd)	-	31.76
Repayment of unsecured loans		
Dr. A.N.Gupta	156.06	218.60
Dr. Kailash Gupta	139.81	126.00
Sitting fees		
Dr. Kailash Gupta	2.10	2.50
Mr. Anil Kumar Mehta	2.80	3.40
Mr. P.R. Tripathi	1.70	1.70
Mr. K. Rama Rao	1.60	2.00
Purchase of raw materials		
Premier Wire Products Limited	124.79	167.62
Rent paid		
Premier Wire Products Limited	1.19	0.40
Investment in equity shares		
BF Premier Energy Systems Private Limited	-	5.00
Loan given		
PELNEXT Defence Systems Private Limited	1.00	-
Interest income		
PELNEXT Defence Systems Private Limited	0.03	-
Dividend paid		
Dr. A.N.Gupta	63.63	76.16
Dr. Kailash Gupta	27.57	33.08
A.N Gupta (HUF)	16.42	19.70

* 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.

Net of excess amount recovered ₹ Nil (2018: ₹ 44.92 lakhs) being the difference between amount paid and the amount approved by the central government, in line with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(g) Terms and conditions

(i) Transactions relating to dividends were on the same terms and conditions that applied to other stake holders.

(ii) The loans accepted from key managerial personnel carries interest rate of 11% per annum.

(iii) Purchase of raw materials from subsidiary during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

(iv) All outstanding balances are unsecured and repayable in cash.

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note 38: Donation to political parties		
Communist party of India (Marxist)	1.75	-
	1.75	**-**
Note 39: Earnings per share (EPS)		
(a) Basic EPS (₹)		
Basic earnings per share attributable to the equity holders of the company	11.00	8.42
(b) Diluted EPS (₹)		
Diluted earnings per share attributable to the equity holders of the company	11.00	8.42
(c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	1,172.55	873.41
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share:	1,172.55	873.41
(d) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	1,06,57,636	1,03,72,511
Adjustments for calculation of diluted earnings per share	-	5,369
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	1,06,57,636	1,03,77,880

Note 40 : Assets pledged as security

The carrying amounts of Company's assets pledged as security for current and non-current borrowings are:

	As at March 31, 2019	As at March 31, 2018
Working capital loans from banks (secured)		
Primary security		
Current assets		
Financial assets	9,384.56	13,597.02

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non financial assets	3,849.22	4,182.75
Collateral security		
Non-current assets		
Non financial assets	14,738.27	11,576.73
Towards current borrowings	**27,972.05**	**29,356.50**
Non-current borrowings from banks (secured)		
Primary security		
Non-current assets		
Non financial assets (Assets purchased out of said loans)	1,306.43	1,310.25
Collateral security		
Current assets		
Financial assets	9,384.56	13,597.02
Non financial assets	3,849.22	4,182.75
Towards non-current borrowings	**14,540.21**	**19,090.02**

Note 41: Utilisation of fund raised through Qualified Institutional Placement & Preferential Issue

During the year ended March 31, 2019 the company has raised ₹ 341.21 lakhs (2018: ₹ 7273.26 lakhs) primarily for business expansion, working capital purposes and any other purposes as may be permissible under applicable law.

Business expansion & Working capital utilisation	1,492.48	4,462.04

Note 42: Events occurring after the reporting period

Proposed dividend

Final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting

	For the year ended March 31, 2019	For the year ended March 31, 2018
On 1,07,52,239 (March 31, 2018: 1,06,37,139) equity shares of ₹ 10/- each		
Amount of dividend proposed*	290.31	265.93
Dividend per equity share (₹)	**2.70**	**2.50**

* Excluding dividend distribution tax which is payable on payment of dividend

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

Kiran Kumar Majeti
Partner
Membership number: 220354

K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of PREMIER EXPLOSIVES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **PREMIER EXPLOSIVES LIMITED** ("the Parent"") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes Group's share of loss in its joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS')/, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Fair value assessment of trade receivables**	**Principal audit procedures performed**
	Trade receivables comprise a significant portion of the liquid assets of the Company.	We have Performed Audit confirmation procedures and due to non-response of the same, we performed alternative procedures as below to assess the validity of outstanding receivables.
	As indicated in Note 31(A) to the standalone financial statements, 38.04% of the trade receivables are past due more than 90 days.	• We verified payments received subsequent to year-end against the outstanding amounts as on March 31, 2019. • Verified client source documentation to provide evidence for the existence assertion of the receivables.
	The most significant portion of the trade receivables over 90 days comprises of Public Sector companies and Government organisations which are within their historic payment patterns.	• Performed Analytical procedures for revenue recognised to find out unusual patterns in sales to identify potentially impaired balances. • Enquiries with respective Marketing managers and with those charged with governance about long outstanding customer balances.
	Company applies the simplified approach and recognises Expected credit loss (ECL) for trade receivable balances (refer Note No 31(A)). Trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics, by grouping days past due of customers.	The assessment of the appropriateness of the ECL allowance for trade receivables comprised of audit procedures including: 1. We assessed management's ECL impairment model consistent with the requirements of IND AS 9; 2. We tested the mathematical accuracy of Management's ECL impairment model;

Sr. No.	Key Audit Matter	Auditor's Response
	Accordingly, the estimation of the Expected Credit Losses allowances on trade receivables outstanding as at year end is a significant judgement area, hence considered as a key audit matter.	3. We agreed the data utilised in Management's ECL impairment model at March 31, 2019 to receivables aging report, calculations and other audited information;
	(Trade receivables outstanding as at March 31, 2019 – ₹ 6961.17 lakhs – which is near to 51% of total financial assets)	4. We challenged assumptions and judgements made by Management through discussion, comparison to data and our knowledge of the operations as gained through our audit in determining future expected loss rates.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including annexures to Directors' report Corporate governance and Management discussion and analysis (MD & A) but does not include the consolidated financial statements and our auditor's report thereon. The Directors' report including annexures to Directors' report, Corporate governance and Management discussion and analysis (MD & A) is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiaries, and joint ventures audited by the other auditors, to the extent it relates to these entities and in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiaries and joint venture is traced from their financial statements audited by other auditors.
- When we read the Directors' report including annexures to Directors' report, Corporate governance and Management discussion and analysis (MD & A), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India including the accounting standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group joint ventures are responsible for assessing the ability of the Group joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities/ joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities/ joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 822.80

lakhs as at March 31, 2019, total revenues of ₹ 1341.61 lakhs and net cash inflows amounting to ₹ 3.94 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 0.26 lakhs for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements have not been audited by us. 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters 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 by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and joint venture referred to in the Other Matters section above 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, returns and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and joint venture company incorporated in India, none of the directors of the Group companies, joint venture company incorporated in India is disqualified as on 31st March, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the subsidiary companies, and jointly controlled company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

        In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h) 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, as amended 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 of pending litigations on the consolidated financial position of the Group, and joint venture; Refer Note No 33 to the consolidated financial Statements).

        ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, Group and Joint venture doesn't have derivative contracts;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and joint venture company in India.

For MAJETI & CO
Chartered Accountants
Firm's Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Hyderabad
May 18, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **PREMIER EXPLOSIVES LIMITED** (hereinafter referred to as "Parent") and its subsidiary companies and joint venture, which are companies incorporated in India to whom internal financial controls over financial reporting is applicable, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, and its joint venture, 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 respective Companies 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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its joint venture, which are companies incorporated in India, 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 the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 and the audit evidence obtained by other auditors of the subsidiary companies, and joint venture, which are companies incorporated in India, 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 internal financial controls system over financial reporting of the Parent, its subsidiary companies, and its joint venture, which are companies incorporated in India.

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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and joint venture, which are companies incorporated in India to whom internal financial controls over financial reporting is applicable, 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 March 31, 2019, based on "the criteria for internal financial control over financial reporting established by the respective companies 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".

Other Matters

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 one subsidiary company, which incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For MAJETI & CO
Chartered Accountants
Firm's Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Hyderabad
May 18, 2019

CONSOLIDATED BALANCE SHEET
as at March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	11,309.16	10,478.27
(b) Capital work-in-progress	3	3,482.52	1,579.17
(c) Investment property	4	8.02	8.02
(d) Intangible assets	5	406.84	2.81
(e) Investments accounted through equity method	6	0.13	0.39
(f) Financial assets			
(i) Trade receivables	10	28.76	34.78
(ii) Other financial assets	7	-	66.93
(g) Other non-current assets	8	1,079.44	650.60
Total Non-current assets		**16,314.87**	**12,820.97**
II Current assets			
(a) Inventories	9	3,391.91	3,746.48
(b) Financial assets			
(i) Trade receivables	10	6,509.99	9,783.89
(ii) Cash and cash equivalents	11	199.55	238.55
(iii) Bank balances other than (ii) above	12	2,785.26	3,649.00
(c) Other current assets	8	665.45	651.81
Total Current assets		**13,552.16**	**18,069.73**
TOTAL ASSETS		**29,867.03**	**30,890.70**
EQUITY AND LIABILITIES			
III Equity			
(a) Equity share capital	13	1,075.22	1,063.71
(b) Other equity		19,894.64	18,831.41
Equity attributable to equity share holders of parent		**20,969.86**	**19,895.12**
Non-controlling interest		141.13	150.03
Total Equity		**21,110.99**	**20,045.15**
LIABILITIES			
IV Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	652.09	780.46
(ii) Other financial liabilities	15	8.80	38.80
(b) Provisions	16	322.74	277.97
(c) Deferred tax liabilities (net)	17	1,424.91	1,373.48
(d) Other non-current liabilities	18	4.95	5.86
Total Non-current liabilities		**2,413.49**	**2,476.57**
V Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1,840.08	3,590.53
(ii) Trade payables			
- dues to micro and small enterprises (refer note : 35)		32.78	21.24
- dues to others		2,552.30	2,130.01
(iii) Other financial liabilities	15	1,384.80	1,379.00
(b) Other current liabilities	18	318.42	746.66
(c) Provisions	16	137.35	192.36
(d) Current tax liabilities (net)	19	76.82	309.18
Total current liabilities		**6,342.55**	**8,368.98**
Total liabilities		**8,756.04**	**10,845.55**
TOTAL EQUITY AND LIABILITIES		**29,867.03**	**30,890.70**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

Kiran Kumar Majeti
Partner
Membership number: 220354

K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	20	25,303.19	28,030.91
II	Other income	21	264.79	222.52
III	**Total revenue (I+II)**		**25,567.98**	**28,253.43**
IV	**Expenses**			
	Cost of materials consumed	22	13,783.36	15,833.88
	Purchases of stock in trade		401.15	315.79
	Changes in inventories of finished goods, work-in-progress and scrap	23	533.08	136.55
	Excise duty		-	572.01
	Employee benefits expense	24	4,811.07	5,478.97
	Finance costs	25	557.73	521.00
	Depreciation and amortisation expense	26	448.98	393.29
	Research and development expenses	27	90.70	85.96
	Other expenses	28	3,360.73	3,647.25
	Total Expenses (IV)		**23,986.80**	**26,984.70**
V	**Profit before tax and before share of (loss) of investments accounted through equity method (III-IV)**		**1,581.18**	**1,268.73**
VI	**Share of (loss) from joint venture accounted through equity method**		**(0.26)**	**(4.61)**
VII	**Profit before tax (V-VI)**		**1,580.92**	**1,264.12**
VIII	**Tax expense**			
	Current tax	29	402.84	538.42
	Deferred tax	29	51.43	(75.55)
	Total tax expense		**454.27**	**462.87**
IX	**Profit for the year (VII-VIII)**		**1,126.65**	**801.25**
X	**Other Comprehensive Income**			
	(A) Items that will not be reclassified to profit or loss			
	Remeasurements of post-employment benefit obligations		(125.14)	(121.33)
	Income tax relating to above		43.71	42.35
	Other Comprehensive Income after tax for the year (X)		**(81.43)**	**(78.98)**
XI	**Total Comprehensive Income for the year (IX+X)**		**1,045.22**	**722.27**
	Profit /(Loss) attributable to			
	(a) Owners of Premier Explosives Limited		1,135.53	814.92
	(b) Non-controlling interest		(8.88)	(13.67)
			1,126.65	**801.25**
	Other Comprehensive Income			
	(a) Owners of Premier Explosives Limited		(81.41)	(78.94)
	(b) Non-controlling interest		(0.02)	(0.04)
			(81.43)	**(78.98)**
	Total Comprehensive Income for the year			
	(a) Owners of Premier Explosives Limited		1,054.12	735.98
	(b) Non-controlling interest		(8.90)	(13.71)
			1,045.22	**722.27**
	Earnings per share (Par value of ₹ 10 each)			
	Basic	41	10.57	7.72
	Diluted	41	10.57	7.72

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

Kiran Kumar Majeti
Partner
Membership number: 220354

K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

CONSOLIDATED CASH FLOW STATEMENT
for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A	**Cash flow from operating activities**		
	Profit before tax	1,580.92	1,264.12
	Adjustments for:		
	Depreciation and amortisation expense	448.98	393.29
	Unrealised foreign exchange gain(net)	(49.42)	2.51
	Expected credit loss	110.34	191.47
	Bad debts written off	242.05	-
	Unbilled revenue receivable written off	88.12	-
	Interest income	(257.93)	(204.20)
	Finance costs	557.73	347.51
	Remeasurements of post-employment benefit obligation	(125.14)	(121.33)
	Deferred government grant income	(0.91)	(0.91)
	Provision for liabilities no longer required, written back	-	(14.68)
	(Profit) on sale of Property, Plant and Equipment	(1.25)	1.87
	Book deficit on assets discarded	0.34	0.32
	Operating cash flow before working capital changes	**2,593.83**	**1,859.97**
	Adjustments for		
	Trade receivables, financial assets and other assets	2,710.04	(4,282.15)
	Inventories	354.57	(245.63)
	Trade payables, other liabilities and provisions	(74.49)	954.31
	Cash generated from operating activities	**5,583.95**	**(1,713.50)**
	Income tax paid	562.90	676.76
	Net cash generated from operating activities (A)	**5,021.06**	**(2,390.26)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(3,791.37)	(1,576.19)
	Investment in Joint Venture	-	0.39
	Proceeds from disposal /sale of property, plant and equipment	2.07	19.36
	Investments in bank deposits (having original maturity of more than three months) (Net)	856.69	(3,098.55)
	Interest received	268.62	83.24
	Net cash inflow / (outflow) from investing activities (B)	**(2,663.99)**	**(4,571.75)**
C	**Cash flows from financing activities**		
	Proceeds/(repayment) of Long term borrowing (net)	(134.74)	377.45
	Proceeds/(repayment) of short-term borrowings (net)	(1,732.18)	421.15
	Interest paid	(551.11)	(366.54)
	Dividend and dividend tax paid	(320.59)	(384.08)
	Proceeds from issue of share capital including securities premium	-	148.80
	Proceeds from issue of share capital including securities premium		
	- to promoters and promoters group (Preferential allotment)	341.21	515.23
	- to others (Qualified institutional placement)	-	6,376.82
	Net cash inflow / (outflow) from financing activities (C)	**(2,397.41)**	**7,088.83**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended March 31, 2019 (Continued)

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
D	**Net increase (decrease) in cash and cash equivalents (A + B + C)**	(40.35)	126.82
	Exchange difference on translation of foreign currency cash and cash equivalents	1.35	**(0.17)**
	Cash and cash equivalents at the beginning of the year	238.55	111.90
E	**Cash and cash equivalents at end of the year**	**199.55**	**238.55**
F	**Reconciliation of cash and cash equivalents as per cash flow statement**		
	Cash and cash equivalents as per above comprise of the following		
	Cash and cash equivalents (refer note: 11)	199.55	238.55
	Balance as per statement of cash flows	**199.55**	**238.55**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

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Deputy Managing Director
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Secunderabad
May 18, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31,2019

(All amounts in INR lakhs, unless otherwise stated)

A Equity share capital

Issued, subscribed and paid up equity shares of Rs 10/- each	Note No.	No. of shares	Amount
As at April 01, 2017		88,58,575	885.86
Change during the year		17,78,564	177.86
As at March 31, 2018		**1,06,37,139**	**1,063.71**
Change during the year		1,15,100	11.51
As at March 31, 2019	**13**	**1,07,52,239**	**1,075.22**

B Other equity

	Attributable to equity holders of parent							Non-controlling interest	Total
	Reserves & surplus				Money received against share warrants	Other comprehensive income	Total other equity		
	Capital reserve	Securities premium	General reserve	Retained earnings		Actuarial (gains) / losses			
Balance as at April 1, 2017	**0.94**	**551.78**	**1,701.20**	**9,425.40**	**-**	**(62.77)**	**11,616.55**	**163.74**	**11,780.29**
Profit for the year	-	-	-	814.92	-	-	814.92	(13.67)	801.25
Actuarial (gain)/ loss on post -employment benefits obligation, net of income tax	-	-	-	-	-	(78.98)	(78.98)	(0.04)	(79.02)
Total comprehensive income for the year	**-**	**-**	**-**	**814.92**	**-**	**(78.98)**	**735.94**	**(13.71)**	**722.23**
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Issue of share warrants	-	-	-	-	148.80	-	148.80	-	148.80
Received on account of Qualified Institutional Placement	-	6,438.90	-	-	-	-	6,438.90	-	6,438.90
Issues expenses of Qualified Institutional Placement	-	(227.18)	-	-	-	-	(227.18)	-	(227.18)
Issue of shares through preferential allotment	-	507.70	-	-	-	-	507.70	-	507.70
Issue expenses of shares through preferential allotment	-	(5.22)	-	-	-	-	(5.22)	-	(5.22)
Dividend (including tax on dividend)	-	-	-	(384.08)	-	-	(384.08)	-	(384.08)
	-	**6,714.20**	**-**	**430.84**	**148.80**	**(78.98)**	**7,214.86**	**(13.71)**	**7,201.15**
Balance as at March 31, 2018	**0.94**	**7,265.98**	**1,701.20**	**9,856.24**	**148.80**	**(141.75)**	**18,831.41**	**150.03**	**18,981.44**
Balance at April 1, 2018	**0.94**	**7,265.98**	**1,701.20**	**9,856.24**	**148.80**	**(141.75)**	**18,831.41**	**150.03**	**18,981.44**
Profit for the year	-	-	-	1,135.53	-	-	1,135.53	(8.88)	1,126.65
Actuarial (gain) / loss on post -employment benefits obligation, net of income tax	-	-	-	-	-	(81.41)	(81.41)	(0.02)	(81.43)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended March 31,2019 (Continued)

(All amounts in INR lakhs, unless otherwise stated)

B Other equity

	Attributable to equity holders of parent							Non-controlling interest	Total
	Reserves & surplus				Money received against share warrants	Other comprehensive income	Total other equity		
	Capital reserve	Securities premium	General reserve	Retained earnings		Actuarial (gains) / losses			
Total comprehensive income for the year	-	-	-	1,135.53	-	(81.41)	1,054.12	(8.90)	1,045.22
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Issue of shares through preferential allotment	-	458.10	-	-	(128.40)	-	329.70	-	329.70
Forfeiture of share warrants	20.40	-	-	-	(20.40)	-	-	-	-
Dividend (including tax on dividend)	-	-	-	(320.59)	-	-	(320.59)	-	(320.59)
	20.40	**458.10**	**-**	**814.94**	**(148.80)**	**(81.41)**	**1,063.23**	**(8.90)**	**1,054.33**
Balance as at March 31, 2019	**21.34**	**7,724.08**	**1,701.20**	**10,671.18**	**-**	**(223.16)**	**19,894.64**	**141.13**	**20,035.77**

Nature and purpose of reserves

(i) Capital reserve

Capital reserve represents share application money received from allottees and forfeiture due to non payment of remaining call money within due date as per terms of issue.

(ii) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iii) General reserve

General reserve is used for strengthening the financial position and meeting future contingencies and losses.

(iv) Retained earnings

This reserve represents the cumulative profits of the company. It includes land revaluation amount of ₹ 5,570.59 lakhs on transition date (i.e. April 01, 2016) which will not be available for declaration of dividend as per Companies (Declaration and payment of Dividend) Rules, 2014.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
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Partner
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K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

1. Background

Premier Explosives Limited (PEL), (the 'company') is a public limited company incorporated in the year 1980 under the provisions of erstwhile Companies Act, 1956 having its registered office at Secunderabad in the state of Telangana, India. The equity shares of the company are listed with two stock exchanges in India viz., BSE Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai.

The company is engaged in manufacture of high energy materials like bulk explosives, packaged explosives, detonators, detonating fuse, solid propellants, pyrogen igniters, pyro devices, etc., having applications in mining, infrastructure, defence, space, homeland security and such other areas. The company also operates and maintains solid propellant plants of defence and space establishments.

The consolidated financial statements are approved for issue by the Company's Board of Directors on May 18, 2019.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared as a going concern on accrual basis of accounting. The group has adopted historical cost basis for assets and liabilities except for certain items which have been measured on a different basis and such basis is disclosed in the relevant accounting policy.

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from contracts with customers
- Appendix B, Foreign Currency Transactions and advance consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investment Property

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Change in accounting policy

With effect from March 31, 2019, the group has changed its accounting policy of inventories valuation from Weighted average method to First-in-First-out (FIFO) method during the year. The change in the policy reflects actual flow of inventories and, hence, provides reliable and more relevant information to the users of consolidated financial statements. The change in the above accounting policy has resulted in increase in value of inventories by ₹ 9.57 lakhs (Previous year: Decrease by ₹ 0.54 lakhs). Consequently, the net profit for the year is higher by the said amount.

(v) Current and non-current classification

An asset is classified as current, if

(i) It is expected to be realised or sold or consumed in the group's normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realised within twelve months after the reporting period; or

(iv) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current, if

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be settled within twelve months after the reporting period;

(iv) It has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per group's operating cycle and other criteria set out in Schedule-III of the Companies Act, 2013. Based on the nature of business, the group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. The Chairman and Managing Director has been identified as being the Chief Operating Decision Maker. The group is engaged in the business of "High Energy Materials" and has only one reportable segment in accordance with Ind AS 108 "Operating Segment".

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries as at March 31, 2019.

Subsidiaries

Subsidiaries are the entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet.

The financial statements of each of the subsidiaries and joint venture are used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on March 31.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2.4 Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is group's functional and presentation currency.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income.

2.5 Critical estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The areas involving critical estimates or judgements are

- Estimation of current tax expense and payable
- Estimation of defined benefit obligation [refer note: 24(a) (ii)]
- Estimation of expected credit loss on financial assets [refer note: 31(A)]
- Estimation of useful life of fixed assets
- Estimation of useful life of intangible asset

Estimates and judgements are continually evaluated. They are based on historical experience and other

Factors, including expectations of future events that may have the financial impact of the group and that are believed to be reasonable under the circumstances.

2.6 Revenue recognition

Effective April 1, 2018, the group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Refer note 2.6– Significant accounting policies – Revenue recognition in the Annual report of the group for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. No impact of the adoption of the standard on the financial statements of the group is insignificant.

Sale of products - recognition & measurement

Revenue from the sale of products is recognised at the point in time when the products are delivered to the customer (as it considered as that customer has obtained the control / legal title has been transferred) as per the terms of the contract. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The Group's customers pay for products received in accordance with payment terms that are customary in the industry and do not have significant financing components.

For revenues disaggregated by geography and timing of recognition [refer note 20]

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delay / default attributable to the Group and when there is a reasonable certainty with which the same can be estimated.

Sale of services - recognition & measurement

Revenue from operations and maintenance services are recognised on output basis measured by efforts expended, number of transactions processed, etc.

Some contracts include multiple deliverables, such as the sale of products required for maintenance services. It is therefore accounted for as a separate performance obligation. The revenue from sale of products is recognised at a point in time when the product is delivered, the legal title has been passed and the customer has accepted the product.

Dividend income

Dividend income on investments is accounted for when the right to receive the payment is established, which is generally when shareholders approve the dividend. Dividend income is included in Other Income in the Statement of Profit and Loss.

Interest income

Interest income on all financial assets is measured at amortised cost. It is recognised using the effective interest rate (EIR) method and is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the expected credit loss).

2.7 Property, plant and equipment

Freehold land is carried at deemed cost. On transition to Ind AS, the company has elected the option of fair value as deemed cost of land as at April 01, 2016. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit and loss in the period the item is derecognised.

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

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Depreciation methods, estimated useful lives and residual value

Depreciation is computed on a straight line method to allocate their cost, net of their residual values, over their estimated useful lives in the manner prescribed in Schedule II of the Act.

The group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. The residual values are not more than 5% of the original cost of the asset. Property, plant and equipment individually costing ₹ 5,000 or below are fully depreciated in the year of purchase. Depreciation on additions /deletions is calculated on a monthly pro-rata basis.

Leasehold land is amortised over the lease period.

2.8 Intangible assets and amortisation

(i) Computer software

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- the expenditure attributable to the software during its development can be reliably measured

(ii) Technology transfer rights (Transfer of Technology - ToT)

Separately acquired transfer of technology is shown at historical cost. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Amortisation methods and periods

The group amortises intangible assets using the straight-line method over the following periods:

- Computer Software – 3 years based on their estimated useful lives.
- Transfer of Technology – 10 years based on finite useful life.

All intangible assets are tested for impairment. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortisation and/or impairment losses.

2.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the amount of proceeds, net of direct costs of the capital issue.

2.10 Financial instruments

Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Classification

The group classifies its financial assets in the following measurement categories

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement - Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments

At amortised cost

Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

At fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using effective interest rate method. Foreign exchange gains/ (losses) and impairment expenses are presented as separate line item in statement of profit and loss.

At fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Investment in subsidiaries and joint ventures

Investment in subsidiaries and Joint ventures are measured at cost less impairment as per Ind AS 27.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(ii) Financial liabilities

Classification, initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition of financial instruments

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset the difference between the carrying amount and the consideration received is recognised in the statement of profit and loss.

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. On de-recognition of a financial liability the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

2.11 Impairment of assets

Financial assets

The group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. In accordance with Ind AS 109, the group uses 'Expected Credit Loss' (ECL) model for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are measured through a loss allowance at an amount equal to

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the group uses 12month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Non-financial assets

Property, plant & equipment and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than it 's carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

2.12 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

2.13 Inventories

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

During the year, accounting policy changed from Weighted average basis to FIFO basis. Refer note no: 2.1(iv) for details of the impact on financial statements.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

(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.

(iii) Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in-first-out basis.

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.

(iv) Scrap is valued at net realisable value. Obsolete, defective and unserviceable inventories are duly provided for.

2.14 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.15 Leases

As a lessee

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measures reliably. The group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.17 Discontinued operations

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

2.18 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The company operates the following post-employment schemes

(a) Defined benefit plans such as gratuity (b) Defined contribution plans such as provident fund

(c) State plans

(a) Defined benefit plans - Gratuity obligations

The liability or assets recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(b) Defined contribution plans

The Company pays provident fund contributions to publicly administered funds as per applicable regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(c) State plans

Employer's contribution to Employees' State Insurance is charged to statement of profit and loss.

2.19 Recent accounting pronouncements (Standards issued but not yet effective)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the group has not applied as they are effective from April 1, 2019.

Ind AS - 116

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing leases Standard, Ind AS 17 Leases, and related interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The group will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

The group is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The group has elected certain available practical expedients on transition.

The effect on adoption of Ind AS 116 would be insignificant in the standalone financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The group does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The group does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The group does not expect this amendment to have any significant impact on its financial statements.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	Freehold land	Freehold buildings	Plant and machinery		Furniture, fittings and equipment	Vehicles	Data processing equipment	Leasehold land	Total	Capital work-in-progress
			Plant and machinery	Research and development equipment						
Year ended March 31, 2018										
Gross carrying amount										
Opening Gross carrying amount	6,187.99	1,937.33	4,409.67	140.09	167.27	159.18	60.34	22.79	13,084.66	368.96
Additions	41.81	183.52	197.62	2.26	9.62	9.63	4.02	24.89	473.37	1,210.21
Disposals	-	-	20.80	-	0.69	9.18	-	-	30.67	-
Closing gross carrying amount	6,229.80	2,120.85	4,586.49	142.35	176.20	159.63	64.36	47.68	13,527.36	1,579.17
Accumulated depreciation										
Opening accumulated depreciation	-	533.84	1,862.04	68.06	97.82	54.97	49.14	0.69	2,666.56	-
Depreciation charge during the year	-	71.02	274.47	9.88	15.38	15.67	4.99	0.25	391.66	-
Disposals	-	-	5.64	-	0.69	2.80	-	-	9.13	-
Closing accumulated depreciation	-	604.86	2,130.87	77.94	112.51	67.84	54.13	0.94	3,049.09	-
Net carrying amount as at March 31, 2018	**6,229.80**	**1,515.99**	**2,455.62**	**64.41**	**63.69**	**91.79**	**10.23**	**46.74**	**10,478.27**	**1,579.17**
Year ended March 31, 2019										
Gross carrying amount										
Opening Gross carrying amount	6,229.80	2,120.85	4,586.49	142.35	176.20	159.63	64.36	47.68	13,527.36	1,579.17
Additions	10.88	401.39	769.91	26.71	5.57	-	3.66	32.48	1,250.60	3,465.67
Disposals	0.82	0.62	-	-	0.02	-	-	-	1.46	1,562.32
Closing gross carrying amount	6,239.86	2,521.62	5,356.40	169.06	181.75	159.63	68.02	80.16	14,776.50	3,482.52
Accumulated depreciation										
Opening accumulated depreciation	-	604.86	2,130.87	77.94	112.51	67.84	54.13	0.94	3,049.09	-
Depreciation charge during the year	-	72.62	298.83	10.37	15.85	15.57	4.64	0.67	418.55	-
Disposals	-	0.28	-	-	0.02	-	-	-	0.30	-
Closing accumulated depreciation	-	677.20	2,429.70	88.31	128.34	83.41	58.77	1.61	3,467.34	-
Net carrying amount as at March 31, 2019	**6,239.86**	**1,844.42**	**2,926.70**	**80.75**	**53.41**	**76.22**	**9.25**	**78.55**	**11,309.16**	**3,482.52**

Notes:

1) Capital work in progress mainly comprises of new manufacturing unit being constructed at Katepally located in Telangana.

2) Refer note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3) Refer note 42 for information on property, plant and equipment provided as security by the company.

4) Gross carrying amount of leasehold land represents amounts paid under certain lease agreements to acquire land where the Company has an option to renew the properties on expiry of the lease period.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 4 :Investment property

	As at March 31, 2019	As at March 31, 2018
Opening Balance	8.02	8.02
Net carrying amount	**8.02**	**8.02**

Fair value of the investment property determined by a recognised independent valuer Mr. K. Anjaneyulu, based on valuation as at April 1, 2016 is ₹ 250.24 lakhs. During the year management determines there is no significant change in fair value of property valuations. (Pricing model approach Level 3)

Note 5: Intangible assets

	Computer Software	Technology transfer rights*	Total
Year ended March 31, 2018			
Gross carrying amount			
Opening gross carrying amount	32.03	-	32.03
Additions	-	-	-
Closing gross carrying amount	32.03	-	32.03
Accumulated amortisation			
Opening accumulated amortisation	27.59	-	27.59
Amortisation charge during the year	1.63	-	1.63
Closing accumulated amortisation	29.22	-	29.22
Closing net carrying amount as at March 31, 2018	**2.81**	**-**	**2.81**
Year ended March 31, 2019			
Gross carrying amount			
Opening gross carrying amount	32.03	-	32.03
Additions	2.46	432.00	434.46
Closing gross carrying amount	34.49	432.00	466.49
Accumulated amortisation			
Opening accumulated amortisation	29.22	-	29.22
Amortisation charge during the year	1.49	28.94	30.43
Closing accumulated amortisation	30.71	28.94	59.65
Closing net carrying amount as at March 31, 2019	**3.78**	**403.06**	**406.84**

* Technology transfer rights (TOT) provided by Defence Research and Development Organisation (DRDO) to the Company for manufacturing of products for Indian armed forces , amortised over license period of 10 years.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 6: Investments accounted through equity method

	As at March 31, 2019	As at March 31, 2018
(Un quoted, fully paid up)		
Investment in equity instruments in joint venture (carrying amount determined using the equity method of accounting)		
BF Premier Energy Systems Private Limited 1,00,000 (March 31, 2018: 1,00,000) Equity shares of ₹ 10/- each, fully paid	10.00	10.00
Add: Share of post acquisition loss	(9.87)	(9.61)
Total equity instruments	**0.13**	**0.39**
Total non-current investments	**0.13**	**0.39**
Aggregate amount of unquoted investments	0.13	0.39
Aggregate amount of impairment in the value of investment	-	-

Note 7:Other financial assets

(i) Non-current

Bank deposits with more than 12 months maturity	-	66.93
Total other financial assets	**-**	**66.93**

Note 8 : Other assets

(i) Non-current

Capital advances	529.43	264.26
Advances other than capital advances:		
Security deposits	373.75	209.05
Pre-paid expenses	176.26	161.36
Advance taxes (net of provisions)	-	15.93
Total other non-current assets	**1,079.44**	**650.60**

(ii) Current

Balances with government authorities	171.11	11.86
Prepaid expenses	167.18	160.25
Advances to suppliers	120.22	188.54
Unbilled revenue	124.38	216.82
Other receivable	82.56	74.34
Total other current assets	**665.45**	**651.81**

Note 9: Inventories (valued at lower of cost and net realisable value)

Raw materials	2,220.15	1,966.91
Work-in-progress	332.18	756.59
Finished goods	153.43	259.53
Stores and spares	678.49	753.22
Scrap (at net realisable value)	7.66	10.23
Total inventories	**3,391.91**	**3,746.48**
Raw materials includes stock in transit of	13.20	56.25

Note 9 (a): Refer note 42 for information on inventories provided as security by the company.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 10: Trade receivables

(i) Non-current

	As at March 31, 2019	As at March 31, 2018
Unsecured, doubtful		
Long term trade receivables	28.77	34.79
Less: Provision for expected credit loss	0.01	0.01
Total non-current trade receivables	**28.76**	**34.78**

(ii) Current

Trade receivables	6,955.45	10,119.02
Less: Provision for expected credit loss	445.46	335.13
Total trade receivables	**6,509.99**	**9,783.89**

Note 10(a): Refer note 42 for information on trade receivables provided as security by the company.

Note 10 (b): Breakup of security details:

Considered good- Secured	-	-
Considered good- Unsecured	6,984.22	10,153.81
Which have significant increase in credit risk	-	-
Credit impaired	-	-
	6,984.22	**10,153.81**
Less: Provision for expected credit loss (refer note: 31(A))	445.47	335.14
Balance at the end of the year	**6,538.75**	**9,818.67**

Note 11: Cash and cash equivalents

Balances with banks		
in Current accounts	32.27	33.60
in EEFC accounts	158.83	192.25
Cash on hand	8.45	12.70
Total cash and cash equivalents	**199.55**	**238.55**

* There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

Note 12: Bank balances other than cash and cash equivalents

Earmarked balances with banks*	26.56	24.41
Deposits with original maturity over 3 months but less than 12 months	1,684.87	2,801.62
Margin money deposits with banks	1,073.83	822.97
Total bank balances other than cash and cash equivalents	**2,785.26**	**3,649.00**

* Earmarked balances represent unpaid dividend.

Note 12 (a): Margin money deposits include ₹ 1035.88 lakhs (March 31, 2018: ₹ 673.80 lakhs) pledged / lien against bank guarantees issued by the banks.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 13: Equity share capital

Movement of equity share capital during the year

Authorised

	Number of shares	Amount
As at April 01, 2017	1,00,00,000	1,000.00
Change during the year	50,00,000	500.00
As at March 31, 2018	**1,50,00,000**	**1,500.00**
Change during the year	-	-
As at March 31, 2019	**1,50,00,000**	**1,500.00**

Issued, Subscribed and paid up

	Number of shares	Amount
As at April 01, 2017	88,58,575	885.86
Change during the year	17,78,564	177.85
As at March 31, 2018	**1,06,37,139**	**1,063.71**
Change during the year	1,15,100	11.51
As at March 31, 2019	**1,07,52,239**	**1,075.22**

Preferential Allotment

During the year the company has made preferential allotment of 1,15,100 equity shares of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398 per share to promoters (1,00,100 shares) and others (15,000 shares). Thus the equity share capital has increased by ₹ 11.51 lakhs and securities premium by ₹ 458.10 lakhs.

(iii) Details of shareholders holding more than 5% shares in the company

	Dr. A.N.Gupta	Dr. (Mrs.) Kailash Gupta	A. N. Gupta (HUF)	HDFC Trustee company Limited
March 31, 2019				
Number of shares	26,05,086	11,60,767	6,56,697	8,39,700
% holding	24.23%	10.80%	6.11%	7.81%
March 31, 2018				
Number of shares	25,38,599	11,02,798	6,56,697	8,25,000
% holding	23.87%	10.37%	6.17%	7.76%

Terms and 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.

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.

(All amounts in INR lakhs, unless otherwise stated)

Note 14: Borrowings

(i) Non-current

	As at March 31, 2019	As at March 31, 2018
Term loans		
Secured		
From banks	918.75	1,056.37
Less: Current maturities of long-term debt	(262.50)	(268.87)
Less: Unamortised upfront fee	(4.16)	(7.04)
Total non-current borrowings	**652.09**	**780.46**

(ii) Current

Payable on demand		
Secured		
Working capital loans from banks	1,320.60	1,616.38
Working capital loans from banks - in foreign currency	-	1,480.40
Unsecured		
Loans from banks	4.70	-
Loans from related parties (refer note: 39)	514.78	493.75
Total current borrowings	**1,840.08**	**3,590.53**

Note 14 (i): Net debt reconciliation

Opening balance of borrowings	4,646.90	3846.71
Add: Proceeds from non-current borrowings	-	1,050.00
Less: Repayments of non-current borrowings	(134.74)	(672.55)
Proceeds/ (repayment) from current borrowings	(1,732.18)	421.15
Foreign exchange adjustments	(18.27)	4.52
Fair value adjustments	(2.88)	(2.93)
Closing balance of borrowings	**2,758.83**	**4,646.90**

Note .15 Other financial liabilities

i) Non-current

Dealership deposits	7.20	37.20
Earnest money deposit	1.60	1.60
	8.80	38.80

(ii) Current

Current maturities of long-term borrowings	262.50	268.87
Interest accrued	78.03	58.75
Unclaimed dividend (refer note : 15.1)	26.56	24.41
Capital creditors	226.29	165.24
Employee benefits payable	597.40	577.56
Creditors for expenses	194.02	284.17
Total other financial liabilities	**1,384.80**	**1,379.00**

Note 15.1 : Unclaimed dividend account represents dividend amount unclaimed and no amount is due for deposit in Investor Education and Protection Fund

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 16: Provisions

	As at March 31, 2019	As at March 31, 2018
Employee benefit obligations (refer note: 24(a))		
(i) Non-current		
Gratuity	100.58	49.68
Leave encashment	222.16	228.29
Total non-current provisions	**322.74**	**277.97**
(ii) Current		
Gratuity	63.64	109.00
Leave encashment	73.71	83.36
Total current provisions	**137.35**	**192.36**

Note 17: Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Deferred Tax (assets) / liabilities		
On property, plant and equipment and intangible assets	1,851.33	1,784.05
MAT credit entitlement	(29.65)	(29.65)
Deferred tax transition cost	1.45	2.46
Provision for expected credit losses	(155.66)	(117.11)
Unabsorbed depreciation	(24.36)	(19.91)
Expenses allowable on the basis of payment	(218.20)	(246.36)
Deferred tax (assets) / liabilities (net)	**1,424.91**	**1,373.48**

Movement in deferred tax liabilities/(assets)

	Property, plant and equipment	Expenses allowable on the basis of Payment	Provision for expected credit losses	Deferred tax on transaction cost	MAT Credit entitlement	Unabsorbed depreciation	Total
As at April 01, 2017	1,779.13	(240.36)	(49.72)	3.45	(29.65)	(13.82)	1,449.03
Charged/(credited)							
- to profit or loss	4.92	(48.35)	(67.39)	(0.99)	-	(6.09)	(117.90)
- to other comprehensive income	-	42.35	-	-	-	-	42.35
As at March 31, 2018	**1,784.05**	**(246.36)**	**(117.11)**	**2.46**	**(29.65)**	**(19.91)**	**1,373.48**
Charged / (credited)							
- to profit or loss	67.28	(15.55)	(38.55)	(1.01)	-	(4.45)	7.72
- to other comprehensive income	-	43.71	-	-	-	-	43.71
As at March 31, 2019	**1,851.33**	**(218.20)**	**(155.66)**	**1.45**	**(29.65)**	**(24.36)**	**1,424.91**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 18: Other Liabilities

i) Non-current

	As at March 31, 2019	As at March 31, 2018
Deferred revenue arising from government grant	4.95	5.86
Total other non-current liabilities	**4.95**	**5.86**

ii) Current

Statutory taxes payable	108.55	331.23
Advance from customers	209.87	415.43
Total other current liabilities	**318.42**	**746.66**

Note 19: Current tax liabilities (net)

Current tax (Net of pre-paid taxes: ₹ 1625.80 lakhs, 2018: ₹ 2030.94 lakhs)	41.42	261.12
Provision for interest on income tax	35.40	48.06
Total current tax liabilities (net)	**76.82**	**309.18**

Note 20: Revenue from operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from contracts with customers*		
- Sale of products	23,314.07	25,347.85
- Sale of traded goods	414.09	345.45
- Sale of services	1,465.39	2,206.44
	25,193.55	**27,899.74**
Other operating revenue	109.64	131.17
Total revenue from operations	**25,303.19**	**28,030.91**

* Includes excise duty Nil (March 31, 2018: ₹ 572.01 lakhs)

Disaggregation of revenue from contracts with customers

The group derives revenue from transfer of goods and services over time and at a point in time in the following major product lines and geographical areas.

Geographical location		
- India	24,312.14	26,142.71
- Others	991.05	1,888.20
Total	**25,303.19**	**28,030.91**

Note 21: Other income

Interest income from financial assets at amortised cost	257.93	204.20
Gain on sale of property, plant & equipment	1.25	-
Deferred government grant income	0.91	0.91
Provision for liabilities no longer required, written back	-	14.68
Other non-operating income	4.70	2.73
Total other income	**264.79**	**222.52**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 22: Cost of raw materials consumed

	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials at the beginning of the year	1,966.91	1,619.54
Add: Purchases	14,036.60	16,181.25
Less: Raw materials at the end of the year	2,220.15	1,966.91
Total cost of raw materials consumed	**13,783.36**	**15,833.88**

Note 23: Changes in inventories of finished goods, work-in-progress and scrap

Opening balance		
Finished goods	259.53	274.24
Work-in-progress	756.59	879.89
Scrap	10.23	8.77
	1,026.35	**1,162.90**
Closing balance		
Finished goods	153.43	259.53
Work-in-progress	332.18	756.59
Scrap	7.66	10.23
	493.27	**1,026.35**
Total changes in inventories of finished goods, work-in-progress and scrap	**533.08**	**136.55**

Note 24: Employee benefits expense

Salaries, wages, bonus and other allowances	4,222.90	4,874.51
Contribution to provident fund and other funds	344.78	365.67
Contribution to ESI	30.82	31.63
Staff welfare expenses	212.57	207.16
Total employee benefits expense	**4,811.07**	**5,478.97**

Note 24(a):

(i) Defined contribution plans

Employer's contribution to Provident Fund: Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Employer's contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The contributions are made to Employee State Insurance Corporation (ESI) of the respective State Governments of the Company's location. This corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Employer's contribution to provident fund	270.12	285.17
Employer's contribution to ESI	30.92	31.72

(All amounts in INR lakhs, unless otherwise stated)

(ii) Defined benefits plans

(i) Post-employment obligations - Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on resignation/retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 day's salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Gratuity

A) Reconciliation of opening and closing balances of Defined Benefit Obligation - Gratuity (Funded)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Defined benefit obligation at beginning of the year	950.43	790.12
Current service cost	71.19	64.17
Interest cost	72.69	61.70
Actuarial (gain) / loss	124.96	116.79
Benefits paid	(83.53)	(82.35)
Defined benefit obligation at year end	1,135.74	950.43

B) Reconciliation of opening and closing balances of fair value of Plan Assets

Fair value of plan assets at beginning of year	786.17	614.04
Expected return on plan assets	64.38	54.27
Actuarial (gain) / loss	(0.18)	(4.27)
Employer's contribution	202.68	204.48
Benefits paid	(81.53)	(82.35)
Fair value of plan assets at year end	971.52	786.17

C) Reconciliation of fair value of assets and obligations

Fair value of plan assets	971.52	786.17
Present value of obligation	1,135.74	950.43
Amount recognised in balance sheet (surplus / (deficit)	**(164.22)**	**(164.26)**

D) Expenses recognised during the year

In income statement		
Current service cost	71.19	64.17
Interest cost	72.69	61.70
Return on plan assets	(64.38)	(54.27)
Net cost	**79.50**	**71.60**
In other comprehensive income		
Actuarial (gain) / loss	(125.14)	121.33
Net (income) / expense for the year recognised in OCI	**(125.14)**	**121.33**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.60%	8.00%
Salary growth rate	4.00%	4.00%
Withdrawal rate	2%	2%
Retirement age	55 years	55 years
Average balance future services	16.89	19.42
Mortality table(Life Insurance Corporation)	2012-14	2006-08

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	For the year ended March 31, 2019
Defined benefit obligation	1,135.74
Discount rate:(% change compared to base due to sensitivity)	
Increase : +1%	1,052.41
Decrease: -1%	1,229.73
Salary growth rate:(% change compared to base due to sensitivity)	
Increase : +1%	1,238.78
Decrease: -1%	1,043.34
Withdrawal rate:(% change compared to base due to sensitivity)	
Increase : +1%	1,156.71
Decrease: -1%	1,112.56

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Defined benefit liability and employer contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date is sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

(All amounts in INR lakhs, unless otherwise stated)

The weighted average duration of the defined benefit obligation is 11.25 years. The expected cash flows over the next years is as follows:

Particulars	As at March 31, 2019
Defined benefit obligation-gratuity	
Less than a year	63.65
Between 2-5 years	358.57
Over 6 years	742.97
Total	1,165.19

Risk management

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements

Salary cost inflation risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities

Note 25: Finance costs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest and finance charges on financial liabilities carried at amortised cost	399.14	338.66
Interest on income tax	4.05	8.85
Other borrowing costs	154.54	173.49
Total Finance costs	**557.73**	**521.00**

Note 26: Depreciation and amortisation expense

Depreciation of property, plant and equipment	418.55	391.66
Amortisation of intangible assets	30.43	1.63
Total depreciation and amortisation expense	**448.98**	**393.29**

Note 27: Research and development expenses

Raw materials consumed	11.16	15.78
Salaries, wages, bonus and other allowances	74.60	65.54
Contribution to provident and other funds	4.84	4.55
Contribution to ESI	0.10	0.09
Total Research and development expenses	**90.70**	**85.96**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 28: Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spare parts	155.10	140.34
Consumption of packing materials	387.87	655.13
Power and fuel	444.60	447.62
Repairs and maintenance		
- Plant and machinery	482.74	565.98
- Buildings	27.46	39.50
- Others	107.63	125.11
Insurance	97.01	97.69
Excise duty adjustment in finished goods inventory	-	(34.73)
Rent	45.78	29.85
Rates and taxes, excluding taxes on income	30.73	59.70
Legal and professional charges	69.48	95.93
Directors sitting fees	10.00	11.70
Printing and stationery	30.54	25.32
Communication expenses	18.95	21.11
Travelling and conveyance	255.82	301.11
Vehicle maintenance	17.98	17.35
Sales commission	178.03	249.61
Sales promotion expenses	3.22	2.68
Advertisement	10.43	6.11
Carriage outward	121.93	165.98
Other selling expenses	47.93	39.99
Technical knowhow expenses	17.99	13.48
Net gain on foreign currency transactions and translations	75.92	66.66
Bank charges	7.34	23.93
Payments to auditors (refer note: 28 (a)below)	20.95	15.94
Loss on sale of property, plant & equipment	-	1.87
Bad debts written off *	242.05	-
Book deficit on assets discarded	0.34	0.32
Expected credit loss	110.34	191.47
Unbilled revenue receivable written off	88.12	-
Donations	4.45	2.10
Corporate social responsibility (refer note: 28 (b)below)	39.90	33.19
General expenses	210.11	235.21
Total other expenses	**3,360.73**	**3,647.25**

* Mainly on account of Late delivery charges of ₹ 214.81 lakhs and other deductions of ₹ 27.24 lakhs

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 28(a): Details of payments to auditors

	For the year ended March 31, 2019	For the year ended March 31, 2018
Payment to auditors		
As auditors		
As statutory auditor	7.50	7.50
For quarterly reviews	6.75	4.50
In other capacities		
For certification	2.90	0.10
Re-imbursement of expenses	1.33	1.49
Subsidiary auditors		
As statutory auditor	2.47	2.35
Total payments to auditors	**20.95**	**15.94**

Note 28(b): Corporate social responsibility expenditure

Amount required to be spent as per section 135 of the Act	36.23	33.13
Amount spent during the year on		
- Promoting education	8.15	5.99
- Promoting healthcare	26.75	24.20
- Women empowerment	4.00	1.00
- Others	1.00	2.00
Total corporate social responsibility expenditure	**39.90**	**33.19**

Note 29: Income tax expense

Analysis of the company's income tax expense, given below explains significant estimates made in to relation to company's tax position and also shows amounts that are recognised directly in equity and the effect of tax expense on account of non-assessable and non-deductible items.

(a) Income tax expense

Current tax		
Current tax on profits for the year	438.71	538.35
Adjustments for current tax of prior periods	(35.87)	0.07
Total current tax expense	**402.84**	**538.42**
Deferred tax		
Decrease/ (increase) in deferred tax assets	(14.85)	(79.48)
(Decrease)/ increase in deferred tax liabilities	66.28	3.93
Total Deferred tax expense/(benefit)	**51.43**	**(75.55)**
Income tax expense	**454.27**	**462.87**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit from operations before income tax expenses	1,580.92	1,264.12
Tax at the Indian tax rate of 29.12 % (2017-18 -34.608%)	460.36	437.49
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	14.16	12.00
Weighted deduction on research and development	(17.09)	(16.05)
Tax effect of expenses not allowed for tax purpose	9.47	0.76
Tax effect of expenses relating to voluntary retirement scheme	(21.52)	(25.33)
Tax effect of items in other comprehensive income considered for income tax	43.68	42.30
Adjustments of current tax of prior periods	(35.83)	-
Tax effect on others	1.04	11.70
Income tax expenses	**454.27**	**462.87**

Note 30: Financial instruments and risk management - Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The following table represents the fair value hierarchy of assets and liabilities

	Fair value hierarchy	Notes	As at March 31, 2019		As at March 31, 2018	
			Carrying value	*Fair value	Carrying value	*Fair value
A. Financial assets						
a) Measured at amortised cost						
Cash and cash equivalents	Level -3	11	199.55	199.55	238.55	238.55
Other bank balances	Level -3	12	2,785.26	2,785.26	3,649.00	3,649.00
Trade receivables	Level -3	10	6,538.75	6,538.75	9,818.67	9,818.67
Other financial assets	Level -3	7	-	-	66.93	66.93
Total financial assets			**9,523.56**	**9,523.56**	**13,773.15**	**13,773.15**
B. Financial liabilities						
a) Measured at amortised cost						
Trade payables	Level -3		2,585.08	2,585.08	2,151.25	2,151.25
Borrowings	Level -3	15	2,492.17	2,492.17	4,370.99	4,370.99
Other financial liabilities	Level -3	16,19	1,393.60	1,393.60	1,417.80	1,417.80
Total financial liabilities			**6,470.85**	**6,470.85**	**7,940.04**	**7,940.04**

Note:

The carrying amounts of trade payables, other financial liabilities, borrowings, cash and cash equivalents, other bank balances and trade receivables are considered to be the same as their fair values due to their short term nature and recoverability from the parties.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 31: Financial instruments and risk management - Financial risk management

The Company's activities expose it to Credit risk, Market risk and Liquidity risk. The Company emphasis on risk management and has an enterprise wide approach to risk management. The Company's risk management and control procedures involve prioritisation and continuing assessment of these risks and device appropriate controls, evaluating and reviewing the control mechanism.

(A) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations .The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Credit risk of the Company is managed at the Company level.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The group follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the group estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively and for major receivable assessed for impairment individually. Individual trade receivables are written off when management deems them not to be collectible.

The ageing analysis of the receivables (gross of provisions) has been considered from the date of invoice

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Not Due	2,881.50	5,135.12
0-30 days	879.32	980.49
31-60 days	264.38	664.88
60-90 days	294.79	548.55
90-180 days	933.69	412.31
More than 181 days	1,730.54	2,412.45
Gross total	**6,984.22**	**10,153.80**
Less: Expected credit loss	445.47	335.13
Net trade receivables	**6,538.75**	**9,818.67**

Expected credit loss for trade receivables under simplified approach

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Expected credit losses		
Opening balance	335.13	143.66
Expected credit loss	110.34	191.47
Closing balance	445.47	335.13

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

(B) Market risk

Market Risk is the risk that the future value of a financial instrument will fluctuate due to moves in the market factors. The most common types of market risks are interest rate risk and foreign currency risk.

- **Interest rate risk**

  Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its market interest rates by fixed rate interest, rate that is linked to marginal cost of lending rate, etc. Hence, the Company is not significantly exposed to interest rate risks.

- **Foreign currency risk**

  Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to this risk because of natural hedging in the form of imports and exports being at similar levels.

i) Foreign currency risk - sensitivity

The analysis is based on the assumption that the foreign currency increases / (decreases) by 2.5% with all other variables held constant. The Company manages its market interest rates by fixed rate interest, rate that is linked to marginal cost of lending rate, etc. Hence, the Company is not significantly exposed to interest rate risks.

Unhedged foreign currency exposure as at the reporting date:

	As at March 31, 2019				
	GBP (in number)	**AED (in number)**	**USD (in number)**	**EURO (in number)**	**Equivalent amount in INR lakhs**
Trade receivable (for supplies and services)	-	-	18,680	-	12.92
Advance for purchase of spares and equipment	-	-	1,69,069	50,000	160.91
Balance with banks	-	-	2,29,625	-	158.84
Security deposits	-	-	1,325	-	0.89
Advances for supplies	-	6,663	-	-	1.22
Payables for supplies and services	-	-	17,56,189	-	1,214.78
Advance from customers	-	-	75,179	-	53.19
Working capital borrowing	-	-	-	-	-

	As at March 31, 2018				
	GBP (in number)	**AED (in number)**	**USD (in number)**	**EURO (in number)**	**Equivalent amount in INR lakhs**
Trade receivable (for supplies and services)	-	-	4,96,360	-	322.85
Advance for purchase of spares and equipment	2,150	-	4,773	-	5.09
Balance with banks	-	-	2,95,568	-	192.25
Advances for supplies	1,518	6,663	12,220	-	10.49
Security deposits	-	-	-	-	-
Payables for supplies and services	-	-	12,940	-	8.41
Advance from customers	-	-	64,890	-	42.21
Working capital borrowing	-	-	18,07,396	3,78,050	1,480.40

(All amounts in INR lakhs, unless otherwise stated)

2.5% increase or decrease in foreign exchange rates will have the following impact on profit/(loss) before tax

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
GBP	-	0.08
AED	0.03	0.03
USD	(24.44)	(17.54)
EURO	-	(7.64)

(C) Liquidity risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company's objective is to maintain a balance between continuity of funds through the use of bank overdrafts, loan from directors and other means of borrowings. The company invests its surplus funds in deposits with maturity of 3 months, which carry no/low mark to market risk.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date:

	< 1 Year	1-3 Years	> 3 Years	Total
Year ended March 31, 2019				
Non-current borrowings	262.50	525.00	127.09	914.59
Current borrowings	1840.08	-	-	1,840.08
Trade and other payable	2585.08	-	-	2,585.08
Other financial liabilities	1122.30	8.80	-	1,131.10
Total financial liabilities	**5809.96**	**533.80**	**127.09**	**6,470.85**
Year ended March 31, 2018				
Non-current borrowings	275.91	525.00	255.46	1,056.37
Current borrowings	3,590.53	-	-	3,590.53
Trade and other payable	2,151.25	-	-	2,151.25
Other financial liabilities	1,148.93	-	-	1,148.93
Total financial liabilities	**7,166.62**	**525.00**	**255.46**	**7,947.08**

Note 32: Capital management

(a) The Company's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The company's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. And depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

The company's strategy is to maintain a gearing ratio within 30%. The gearing ratio were as follows:

	As at March 31, 2019	As at March 31, 2018
Net debt	(203.58)	776.72
Equity	21,110.99	20,045.15
Total capital (net debt + equity)	20,907.41	20,821.87
Gearing ratio (Net debt / Total capital)	-0.97%	3.73%

* Net debt is as follows

A) Borrowings		
Non-current borrowings	652.09	780.46
Current borrowings	1,840.08	3,590.53
Current maturity of long term debt	262.50	268.87
Total (A)	**2,754.67**	**4,639.86**
B) Cash and cash equivalents	199.55	238.55
Bank balances other than cash and cash equivalents	2,758.70	3,624.59
Total (B)	**2,958.25**	**3,863.14**
C) Net debt (A-B)	**(203.58)**	**776.72**

(b) Loan covenants

Under the terms of major borrowing facilities, the company is required to comply with the following financial covenants:

* Total net worth should be greater than ₹ 60 crores including deferred tax liabilities.

* Total outside liabilities should be less than 1.25 times of the total net worth of the company.

* Debt service coverage ratio should be greater than 1.50 throughout the tenor of the loan.

The company has complied with these covenants throughout the reporting period.

Note 33: Contingent Liabilities

On account of Letter of Credit and Guarantees issued by the bankers.	5,156.28	5,514.37
Claims against the company not acknowledged as debts in respect of		
- Sales tax	575.83	587.66
- Income tax	-	34.39

Note: It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Note 34: Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,777.11	1550.13

(All amounts in INR lakhs, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018

Note 35: Payables to Micro, Small & Medium Enterprises

Information pertaining to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) as given below has been determined to the extent such parties have been identified on the basis of information available with the Company:

Principal amount remaining unpaid as at year-end	32.78	21.24
Interest due thereon as at year-end	-	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, 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 year-end	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	-	-

Note:The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

Note 36 : Segment Information

(a) Description of segments and principal activities

The Chairman & Managing Director has been identified as being the Chief Operating Decision Maker (CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The Company is engaged in the business of "High Energy Materials "and operates in a single operating segment.

The revenue from transactions with three customer exceed 10% of the total revenue of the company for each of the two years ended March, 31 2019 and March, 31 2018

Geographical information

The Group is mainly domiciled its activities in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

Revenue from external customers	For the year ended March 31, 2019	For the year ended March 31, 2018
India	24,312.14	26,142.71
Rest of the World	991.05	1,888.20
Non-current assets		
India	16,286.11	12,719.26
Rest of the world	-	-

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 37: Interest in Joint venture

BF Premier Energy Systems Private Limited

The company has 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and involved in manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc.

Summarised balance sheet

	As at March 31, 2019	As at March 31, 2018
Interest in assets, liabilities with respect to jointly controlled entities are as follows:		
Current assets	1.52	1.73
Non-current assets	-	0.07
Current liabilities	(1.25)	(1.02)
Non-current liabilities	-	-
Equity	**0.27**	**0.78**
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment* -	0.13	0.39

Summarised statement of profit and loss

	For the year ended March 31, 2019	For the year ended March 31, 2018
Income		
Other income	-	0.01
Expenses		
Employee benefit expenses	-	-
Depreciation	0.08	0.11
Other expenses	0.44	0.62
Total expenses	**0.52**	**0.73**
Loss before tax	0.52	0.72
Tax expenses	-	-
Loss for the year	0.52	0.72
Other comprehensive income for the year	-	-
Total comprehensive income for the year	0.52	0.72
Group's share of loss for the year*	-	-

The Group had no contingent liabilities or capital commitments relating to its interest in BF Premier Energy Systems Ltd. as at March 31, 2019, March 31, 2018

* Since the accumulated losses of the joint venture exceed the value of investment, the investment is shown as zero and no further losses have been allocated.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 38: The subsidiaries (which along with PEL, the parent, constitute the Group) considered in preparation of these Consolidated Financial Statements are

	Relationship	Principal activity	Ownership
Indian entities			
March 31, 2019			
Premier Wire Products Limited	Subsidiary	Manufacture of galvanised iron wire	80.00%
PELNEXT Defence Systems Private Limited	Wholly owned subsidiary	Manufacture of defence products	100.00%
BF Premier Energy Systems Private Limited	Joint venture	Manufacture of defence products	50.00%

Note 39: Related Party Transactions

(a) Enterprises where control exists

Wholly owned Subsidiary Companies	PELNEXT Defence Systems Private Limited
Subsidiaries	Premier Wire Products Limited
Joint Venture	BF Premier Energy Systems Private Limited
(b) Key Management Personnel (KMP)	Dr. A.N.Gupta, Chairman & Managing Director
	Mr.T.V.Chowdary, Deputy Managing Director
	Col Vikram Mahajan, Director Marketing (resigned on November 30, 2017)
	Dr. (Mrs.) Kailash Gupta, Non Executive Director
	Mr.Anil Kumar Mehta, Independent Director
	Mr.P.R. Tripathi, Independent Director
	Mr.K.Rama Rao , Independent Director
	Dr. A. Venkat Raman , Independent Director
	Gen P.R Kumar , Independent Director
(c) Relatives of key management personnel	Dr.(Mrs.) Kailash Gupta
	Mrs.T.Malati
	Ms. Akriti Mahajan
(d) Concerns in which key management personnel have substantial interest (significant interest entities)	A.N. Gupta(HUF)
(e) Concerns in which relatives of key management personnel have substantial interest (significant interest entities)	Godavari Explosives Limited

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

(f) Transactions with related parties

	Amount of transaction for the year ended March 31, 2019	Amount receivable/ (payable) as at March 31, 2019	Amount of transaction for the year ended March 31, 2018	Amount receivable/ (payable) as at March 31, 2018
Key Management Personnel				
Short term employee benefits				
Managerial remuneration	359.74	(43.07)	264.96	(34.14)
Others			-	-
Acceptance of unsecured loan	316.90	-	305.10	-
Dividend paid	92.59	-	110.91	-
Repayment of unsecured loan	295.87	(514.78)	344.60	(493.75)
Interest paid	77.36	(69.62)	55.35	(49.82)
Sitting fees	10.00	(0.18)	11.70	-
Relatives of Key Management Personnel				
Dividend paid	0.51	-	0.63	-
Concerns in which key management personnel have substantial interest (significant interest entities)				
Dividend paid	16.42	-	19.70	-
Concerns in which relatives of key management personnel have substantial interest (significant interest entities)				
Job work charges received	6.90	-	1.78	-
Joint venture (jointly controlled entity)				
Investment in equity shares	-	-	5.00	-

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Information regarding significant transactions

(Generally in excess of 10% of the total transaction value of the same type)

Nature of transaction / related party	For the year ended March 31, 2019	For the year ended March 31, 2018
Acceptance of unsecured loans		
Dr. A.N.Gupta	253.30	163.00
Dr. Kailash Gupta	63.60	142.10
Interest paid		
Dr. A.N.Gupta	53.60	35.19
Dr. Kailash Gupta	23.76	20.16
Job work charges received		
Godavari Explosives Limited	6.90	1.78
Managerial remuneration paid*		
Dr. A.N.Gupta#	278.79	163.61
Mr. T.V. Chowdary	80.95	69.59
Colonel Vikram Mahajan (Retd)	-	31.76
Repayment of unsecured loans		
Dr. A.N.Gupta	156.06	218.60
Dr. Kailash Gupta	139.81	126.00
Sitting fees		
Dr. Kailash Gupta	2.10	2.50
Mr. Anil Kumar Mehta	2.80	3.40
Mr. P.R. Tripathi	1.70	1.70
Mr. K. Rama Rao	1.60	2.00
Investment in equity shares		
BF Premier Energy Systems Private Limited	-	5.00
Dividend paid		
Dr. A.N.Gupta	63.63	76.16
Dr. Kailash Gupta	27.57	33.08
A.N Gupta (HUF)	16.42	19.70

* 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.

Net of excess amount recovered ₹ Nil (2018: ₹ 44.92 lakhs) being the difference between amount paid and the amount approved by the central government, in line with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(g) Terms and conditions

(i) Transactions relating to dividends were on the same terms and conditions that applied to other stake holders.

(ii) The loans accepted from key managerial personnel carries interest rate of 11% per annum.

(iii) All outstanding balances are unsecured and repayable in cash.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Note No 40: Donation to political parties		
Communist party of India (Marxist)	1.75	-
	1.75	**-**
Note 41: Earnings per share		
(a) Basic EPS		
Basic earnings per share attributable to the equity holders of the company	10.57	7.72
(b) Diluted EPS		
Diluted earnings per share attributable to the equity holders of the company	10.57	7.72
(c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,126.65	801.25
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	1,126.65	801.25
(d) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	1,06,57,636	1,03,72,511
Adjustments for calculation of diluted earnings per share	-	5,369
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	1,06,57,636	1,03,77,880

Note 42 : Assets pledged as security

The carrying amounts of Company's assets pledged as security for current and non-current borrowings are:

	As at March 31, 2019	As at March 31, 2018
Working capital loans from banks (secured)		
Primary security		
Current assets		
Financial assets	9,523.04	13,786.52
Non financial assets	3,885.86	4,406.00
Collateral security		
Non-current assets		
Non financial assets	15,206.61	12,068.34
Towards current borrowings	**28,615.51**	**30,260.86**
Non-current borrowings from banks (secured)		
Primary security		
Non-current assets		
Non financial assets (Assets purchased out of said loans)	1,306.43	1,310.25
Collateral security		
Current assets		
Financial assets	9,384.56	13,597.02
Non financial assets	3,849.22	4,182.75
Towards non-current borrowings	**14,540.21**	**19,090.02**

(All amounts in INR lakhs, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018

Note 43: Utilisation of fund raised through Qualified Institutional Placement & Preferential Issue

During the year ended March 31, 2019 the group has raised ₹ 341.21 lakhs (2018: ₹ 7273.26 lakhs) primarily for business expansion, working capital purposes and any other purposes as may be permissible under applicable law.

Business expansion & Working capital utilisation	1,492.48	4,462.04

Note 44: Events occurring after the reporting period

Proposed dividend

Final dividend recommended by the directors of parent company which is subject to the approval of shareholders in the ensuing annual general meeting

On 1,07,52,239 (March 31, 2018: 1,06,37,139) equity shares of ₹ 10/- each		
Amount of dividend proposed*	290.31	265.93
Dividend per equity share (₹)	**2.70**	**2.50**

* Excluding dividend distribution tax which is payable on payment of dividend

Note 45: Additional information required by Schedule III

	Premier Explosives Limited	Premier Wire Products Private limited	PELNEXT Defence Systems Private Limited	BF Premier Energy Systems Private Limited	Non controlling interest	Inter-company transactions/ balances
Net assets (total assets minus total liabilities)						
Amount	20937.47	564.48	(0.83)	0.27	141.13	(506.38)
As % of consolidated net assets	99%	3%	0%	0%	1%	-2%
Share in profit or (loss)						
Amount	1172.55	(35.54)	(0.96)	(0.52)	(8.88)	(0.36)
As % of consolidated net assets	104%	-3%	0%	0%	-1%	0%
Share in other cmprehensive income						
Amount	(81.32)	(0.09)	-	-	(0.02)	-
As % of consolidated net assets	100%	0%	0%	0%	0%	0%
Share in total comprehensive income						
Amount	1,091.23	(35.63)	(0.96)	(0.52)	(8.90)	(0.36)
As % of consolidated net assets	104%	-3%	0%	0%	-1%	0%

As per our report of even date

For and on behalf of the Board

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

C. Subba Rao
Chief Financial Officer

Dr. A.N. Gupta
Chairman and Managing Director
DIN: 00053985

Kiran Kumar Majeti
Partner
Membership number: 220354

K. Vijayashree
Company Secretary

T.V. Chowdary
Deputy Managing Director
DIN: 00054220

Secunderabad
May 18, 2019

Notice of the 39th Annual General Meeting

Notice is hereby given that the 39th Annual General Meeting of Premier Explosives Limited will be held at Surana Udyog Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabd-500004 on Wednesday, 25th of September, 2019 at 11.00 a.m. to transact the following business.

Ordinary business

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2019, the audited consolidated financial statements for the said financial year and the reports of the Board of Directors and Auditors thereon.

2. To declare Dividend for the year 2018-19.

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.

Special business

4. Reappointment of Mr. P.R.Tripathi (DIN: 00376429) as Independent Director

To consider and, if thought fit, to pass the following resolution as **a Special Resolution**:

"Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, the consent of the Shareholders be and is hereby accorded to the re-appointment of Mr. Prabhakar Ram Tripathi (DIN: 00376429) as an Independent Director of the Company for a period of five years with effect from 13th August, 2019, until 12th August, 2024 and not liable to retirement by rotation."

5. Reappointment of Mr. Anil Kumar Mehta (DIN: 00040517) as Independent Director

To consider and, if thought fit, to pass the following resolution as **a Special Resolution**:

"Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, the consent of the Shareholders be and is hereby accorded to the re-appointment of Mr. Anil Kumar Mehta (DIN: 00040517) as an Independent Director of the Company for a period of five years with effect from 13th August, 2019, until 12th August, 2024 and not liable to retirement by rotation."

6. Reappointment of Mr. K.Rama Rao (DIN: 02678860) as Independent Director

To consider and, if thought fit, to pass the following resolution as **a Special Resolution**:

"Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, the consent of the Shareholders be and is hereby accorded to the re-appointment of Mr. K.Rama Rao (DIN: 02678860) as an Independent Director of the Company for a period of five years with effect from 13th August, 2019, until 12th August, 2024 and not liable to retirement by rotation."

7. Reappointment of Dr. A.Venkataraman (DIN: 02669952) as Independent Director

To consider and, if thought fit, to pass the following resolution as **a Special Resolution**:

"Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, the consent of the Shareholders be and is hereby accorded to the re-appointment of Dr. A.Venkataraman (DIN: 02669952) as an Independent Director of the Company for a period of five years with effect from 13th August, 2019, until 12th August, 2024 and not liable to retirement by rotation."

8. Re-appointment of Mr. T.V.Chowdary (DIN: 00054220) 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 provisions of Section 196, 197, 203 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies

Act, 2013 and Articles of Association of the Company and subject to approval of Central Government, if any, consent of the shareholders of the Company be and is hereby accorded to re-appoint Mr. T.V.Chowdary (DIN: 00054220) as the Deputy Managing Director of the Company for a period of 3 years with effect from 01st July, 2019 on the following terms and conditions:

A. Salary

a. He will be entitled to a basic salary of ₹4,00,200 (Rupees Four Lakhs Two Hundred only) per month with effect from 1st July, 2019.

b. His basic salary will be revised every year by the Nomination and 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.

B. Perquisites and Allowances

In addition to salary mentioned above, he will be entitled to the following perquisites, allowances and other benefits such that their monetary value shall be restricted to an amount equivalent to his annual basic salary.

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

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

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

c. Medical allowance of 8.33% of basic salary.

d. Leave travel allowance once in a year to the extent of one month basic salary

e. Club fees (Maximum 2 clubs)

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

C. Other benefits

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

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

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

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

D. 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.

E. Commission

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

"**RESOLVED FURTHER THAT** the Board on the recommendation of the Nomination and Remuneration Committee be and is hereby authorised 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."

RESOLVED FURTHER THAT the Board of Directors (or a Committee thereof constituted for this purpose) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

9. Appointment of Mr.Y.Durga Prasad Rao as Director

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

"**RESOLVED THAT** Mr. Y.Durga Prasad Rao(DIN:08072805), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 10th of August, 2019, in terms of Section 161(1) of the Companies Act, 2013 and who holds office until the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the Office of the Director, be and is hereby appointed as the Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

10. Appointment of Mr. Y.Durga Prasad Rao as Director (Operations)

To consider and if thought fit, to pass with or without modification, the following Resolution as **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 Remunerations of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time, the consent of the Shareholders be and is hereby accorded to the Appointment of Mr.Y.Durga Prasad Rao(DIN: 08072805) as Director (Operations) for a tenure of three years with effect from 10th of August, 2019 up to 09th of August, 2022 at such remuneration as given below:

A. Salary:

a. He will be entitled to a basic salary of ₹ 2,00,000/- (Rupees Two Lakhs only) per month with effect from 10th August 2019.

b. His basic salary will be revised every year by the Nomination and Remuneration Committee based on his performance and he may be awarded an annual increment of 10-20% (rounded off to nearest ₹ 100/-) with effect from 1st of April.

B. Perquisites and Allowances

In addition to salary mentioned above, he will be entitled to the following perquisites, allowances and other benefits such that their monetary value shall be restricted to an amount equivalent to his annual basic salary.

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

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

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

c. Medical allowance of 8.33% of basic salary.

d. Leave travel allowance once in a year to the extent of one month basic salary

e. Club fees (Maximum 2 clubs)

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

C. Other benefits

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

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

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

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

D. Minimum Remuneration

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

E. Commission

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

"**RESOLVED FURTHER THAT** the Board on the recommendation of the Nomination and Remuneration Committee be and is hereby authorised 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. Y.Durga Prasad Rao."

RESOLVED FURTHER THAT the Board of Directors (or a Committee thereof constituted for this purpose) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

11. Approval to remuneration payable to the Cost Auditors

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31st, 2020, 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 authorised to do all acts and take all such steps as may be necessary."

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

Secunderabad
August 10, 2019

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 authorising 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 19.09.2019 to 25.09.2019 (both days inclusive).

7. The dividend of ₹ 2.70 per share for the year ended March 31, 2019, as recommended by the Board, if declared at the Annual General Meeting, will be paid within 30 days from the date of declaration:

   (i) To those shareholders who hold shares in physical form and whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on September 18, 2019.

   (ii) To those shareholders, whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and Central Depository Services (India) Limited, as of the end of the day on September 18, 2019.

8. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilise the Electronic Clearing System (ECS) for receiving dividends. While members holding shares in physical form may write to the Registrar and Transfer Agent for any change in their addresses.

9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124(5) of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund. Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable rules.

10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, etc., from the Company electronically.

11. The Notice of the AGM along with the annual report for the year 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Share Transfer Agent of the Company / Depositories, unless any Member has requested for the physical copy of the same.

12. Brief Profile of Directors proposed to be appointed / re-appointed, names of Companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter se as stipulated under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are provided in the Report on Corporate Governance forming part of the Annual Report.

13. A route map showing directions for reaching venue of the AGM is annexed.

14. 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 offering 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 Fintech 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 Scrutiniser to scrutinise 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 **September 22, 2019 (9.00 a.m.)** and ends on **September 24, 2019 (5.00 p.m.).** During this period, Members of the Company, holding shares either in physical form or in dematerialised form as on the cut off date of **September 18, 2019,** may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

    f. The Scrutiniser 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 scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised 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 Scrutiniser 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 authorised by him. The results shall also be immediately forwarded to the Bombay Stock Exchange and the National Stock Exchange.

Notice of the 39th Annual General Meeting

Procedure and Instructions for e-voting

The procedure and instructions for e-voting are as follows:

i) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'

ii) Enter the login credentials (i.e., user-id & password) mentioned in the mail received from Karvy. Your folio / DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form: a) For NSDL : 8 Character DP ID followed by 8 Digits Client ID b) For CDSL : 16 digits beneficiary ID For Members holding shares in Physical Form: Event no.(EVENT) followed by Folio Number registered with the company
Password	Your Unique password is printed overleaf / provided in the email forwarding the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons

iii) Please contact our toll free No. **1-800-34-54-001** for any further clarifications.

iv) Members can cast their vote online from **September 22, 2019 @ 9.00 a.m.** to **September 24, 2019 @ 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 Fintech Private Limited e-Voting platform.** System will prompt you to change your password and update any contact details like mobile number, email ID, etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii) You need to login again with the new credentials.

viii) On successful login, system will prompt to select the 'Event' i.e., **'Premier Explosives Limited'.**

ix) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.

x) On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'

xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL "and accordingly modify your vote.

xii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xiii) Corporate / Institutional Members (corporate / FIs / FIIs / Trust / Mutual Funds / Banks, etc.) are required to send scan (PDF format) of the relevant Board resolution to the Scrutiniser through e-mail to kvcr133@gmail.com copy to evoting@karvy.com. The scanned image file of the Board Resolution should be in the naming format "Corporate Name_ Event no.".

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

Secunderabad
August 10, 2019

Vijayashree.K
Company Secretary

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

The Members at the 34th Annual General Meeting held on 13th August, 2014 approved the appointment of Mr. Prabhakar Ram Tripathi as an Independent Director of the Company for a period of five years with effect from the said date. Mr. P.R.Tripathi will complete his present term on 12th August, 2019.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mr. P.R.Tripathi as an Independent Director of the Company with effect from 12th August, 2019, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof.

The Board is of the view that the continued association of Mr. P.R.Tripathi would benefit the Company, given the knowledge, experience and performance of Mr. P.R.Tripathi and his contribution to Board processes.

Mr. Prabhakar Ram Tripathi holds a Bachelor's degree in Science (Mining) from Ranchi University and holds a Diploma from the Indian School of Mines, Dhanbad. He is former CMD of National Mineral Development Corporation Limited, holding fellowships of Institution of Engineers (India) and AIMA He is involved in the development of mineral industry in India. He has also held various positions in Federation of Indian Mineral Industries (FIMI).

Mr. P.R.Tripathi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. Declaration has been received from Mr. P.R.Tripathi that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mr. P.R.Tripathi fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company.

Consent of the Members by way of Special Resolution is required for re-appointment of Mr. P.R.Tripathi, in terms of Section 149 of the Act. Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for reappointment of a Non-Executive Director beyond the age of seventy five years. Mr. P.R.Tripathi had already attained the age of 75 years on 24th June 2018.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Mr. P.R.Tripathi as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is also provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. P.R.Tripathi is not related to any other Director and Key Managerial Personnel of the Company.

The terms and conditions of appointment of Mr. P.R.Tripathi as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Mr. P.R.Tripathi and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice. The Board recommends the Special Resolution set out at Item No.4 of the Notice for approval by the members

The Board recommends this Special Resolution for your approval.

Item No.5

The Members at the 34th Annual General Meeting held on 13th August, 2014 approved the appointment of Mr. Anil Kumar Mehta as an Independent Director of the Company for a period of five years with effect from the said date. Mr. Anil Kumar Mehta will complete his present term on 12th August, 2019.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mr. Anil Kumar Mehta as an Independent Director of the Company with effect from 12th August, 2019, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof.

The Board is of the view that the continued association of Mr. Anil Kumar Mehta would benefit the Company, given the knowledge, experience and performance of Mr. Anil Kumar Mehta and his contribution to Board processes.

Mr. Anil Kumar Mehta is a qualified Chartered Accountant and a senior partner at M/s. Bhaskara Rao & Co. Chartered Accountants firm. He has over 40 years of experience in auditing, taxation, company law, project finance, accounting and other allied matters.

Mr. Anil Kumar Mehta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. Declaration has been received from Mr. Anil Kumar Mehta that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mr. Anil Kumar Mehta fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company.

Consent of the Members by way of Special Resolution is required for re-appointment of Mr. Anil Kumar Mehta, in terms of Section 149 of the Act. Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for continuation of a Non-Executive Director beyond the age of seventy five years. During the proposed term of re-appointment, Mr. Anil Kumar Mehta will attain the age of seventy five years on 24th March, 2021. This Special Resolution, once passed, shall also be deemed as your approval under the aforesaid Regulations, for continuation of Mr. Anil Kumar Mehta as an Independent Director beyond the age of seventy five years.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Mr. Anil Kumar Mehta as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is also provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. Anil Kumar Mehta is not related to any other Director and Key Managerial Personnel of the Company.

The terms and conditions of appointment of Mr. Anil Kumar Mehta as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Mr. Anil Kumar Mehta and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. The Board recommends the Special Resolution set out at Item No.5 of the Notice for approval by the members

The Board recommends this Special Resolution for your approval.

Item No.6

The Members at the 34th Annual General Meeting held on 13th August, 2014 approved the appointment of Mr. K.Rama Rao as an Independent Director of the Company for a period of five years with effect from the said date. Mr. K.Rama Rao will complete his present term on 12th August, 2019.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mr. K.Rama Rao as an Independent Director of the Company with effect from 12th August, 2019, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof.

The Board is of the view that the continued association of Mr. K.Rama Rao would benefit the Company, given the knowledge, experience and performance of Mr. K.Rama Rao and his contribution to Board processes.

Mr. K.Rama Rao holds a Bachelor's degree in Science from Andhra University. Additionally, he has participated in various courses pertaining to technology and project management conducted by various institutes. He is a graduate of the Royal Aeronautical Society and an associate member of Aeronautical Society of India. He has experience in technology development and retired as an associate director of Defence Research and Development Laboratory. Mr. K.Rama Rao has received Sri Mokshagundam Visweswarayya Award for the Best Engineer from the Institute of Engineers, Kolkata, Best Invention Award from NRDC, Government of India, Best Scientist of DRDO and many others.

Mr. K.Rama Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. Declaration has been received from Mr. K.Rama Rao that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mr. K.Rama Rao fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company.

Consent of the Members by way of Special Resolution is required for re-appointment of Mr. K.Rama Rao, in terms of Section 149 of the Act. Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for reappointment of a Non-Executive Director beyond the age of seventy five years. Mr. K.Rama Rao has already attained the age of 75 years on 14th September, 2009.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Mr. K.Rama Rao as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is also provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. K.Rama Rao is not related to any other Director and Key Managerial Personnel of the Company.

The terms and conditions of appointment of Mr. K.Rama Rao as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Mr. K.Rama Rao and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice. The Board recommends the Special Resolution set out at Item No.6 of the Notice for approval by the members

The Board recommends this Special Resolution for your approval.

Item No.7

The Members at the 34th Annual General Meeting held on 13th August, 2014 approved the appointment of Dr. A.Venkataraman as an Independent Director of the Company for a period of five years with effect from the said date. Dr. A.Venkataraman will complete his present term on 12th August, 2019.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Dr. A.Venkataraman as an Independent Director of the Company with effect from 12th August, 2019, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof.

The Board is of the view that the continued association of Dr. A.Venkataraman would benefit the Company, given the knowledge, experience and performance of Dr. A.Venkataraman and his contribution to Board processes.

Dr. A.Venkataraman holds a Bachelor's degree in Science and a Master's degree in Science from Karnataka University. He has also been conferred with the Degree of Doctor of Philosophy in Chemistry from University of Pune. He has experience in materials chemistry, nano-materials chemistry, polymer nano composites, etc. and is currently working as a professor in Gulbarga University. 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, Manchester 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.

Dr. A.Venkataraman is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. Declaration has been received from Dr. A.Venkataraman that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Dr. A.Venkataraman fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company.

Consent of the Members by way of Special Resolution is required for re-appointment of Dr. A.Venkataraman, in terms of Section 149 of the Act.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Dr. A.Venkataraman as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is also provided in the Report on Corporate Governance forming part of the Annual Report.

Dr. A.Venkataraman is not related to any other Director and Key Managerial Personnel of the Company.

Notice of the 39th Annual General Meeting

The terms and conditions of appointment of Dr. A.Venkataraman as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Dr. A.Venkataraman and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice. The Board recommends the Special Resolution set out at Item No.7 of the Notice for approval by the members

The Board recommends this Special Resolution for your approval.

Item No.8

The Tenure of appointment of Mr. T.V.Chowdary, Deputy Managing Director had ended on 30th June, 2019. The Board of Directors at their meeting held on 18th of May, 2019, on the recommendation of the Nomination and Remuneration Committee reappointed him as Deputy Managing Director with effect from 01st of July, 2019 for a period of three years at the 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 other 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 set out at Item No.8

Keeping in view the immense contribution made by Mr. T.V.Chowdary to the Company and his rich and varied experience, the Board recommends the Special Resolution set out at Item No.8 of the Notice for approval by the shareholders.

Item No. 9 & 10

The Remuneration Committee has recommended the appointment of Y.Durga Prasad Rao as an Additional Director from August 10th, 2019 to hold office up to conclusion of the ensuing Annual General Meeting. On the recommendation of the Remuneration Committee, the Board of Directors of the Company at its meeting held on 10th of August, 2019 had appointed Mr.Y.Durga Prasad Rao (DIN: 08072805) as Director (Operations) with effect from 10th August, 2019 until the expiry of three years i.e up to 09th August, 2022 .

He will be paid remuneration and perquisites as recommended by the Nomination and Remuneration Committee and as given in the resolution, subject to the overall ceiling fixed under Schedule V part II , sections I and II of the Companies Act, 2013 as amended from time to time.

Pursuant to the Provisions of Section 160 and other applicable provisions of the Companies Act, 2013, the Company has received a notice from a shareholder proposing his candidature for the office of Director, along with the requisite deposit.

A Brief profile along with other details of Mr.Y.Durga Prasad Rao is provided in the Report on Corporate Governance forming part of the Annual Report.

None of the other Directors key managerial personnel or their relatives except Mr.Y.Durga Prasad Rao, in any way, concerned or interested, financially or otherwise in the resolution set out at Item No.9 and 10.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Y.Durga Prasad Rao is appointed as Director (Operations) of the Company and, the Board recommends the Ordinary Resolution set out at Item No.9 and Special Resolution set out at Item No.10 of the Notice for approval by the shareholders.

Item No.11

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 31st March, 2020 at a remuneration of ₹ 1,30,000 (Rupees one lakh thirty thousand only).

In accordance with the provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at Item No.9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out in the Item No.9 of the Notice.

The Board recommends this Ordinary Resolution for your approval.

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

Secunderabad
August 10, 2019

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 39th Annual General Meeting of the Company, to be held on Wednesday, the 25th September, 2019 at 11:00 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	To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2019, the audited consolidated financial statements for the year and the reports of the Board of Directors and Auditors thereon.		
2	Declaration of Dividend for the year 2018-19		
3	Re-appointment of Dr.(Mrs.)Kailash Gupta (DIN:00054045), as Director who retires by rotation.		
SPECIAL BUSINESS			
4	Re-appointment of Mr.P.R.Tripathi(DIN:00376429) as Independent Director		
5	Re-appointment of Mr.Anil Kumar Mehta(DIN:00040517) as Independent Director		
6	Re-appointment of Mr.K.Rama Rao(DIN:02678860) as Independent Director		
7	Re-appointment of Dr.A.Venkataraman(DIN:02669952) as Independent Director		
8	Re-appointment of Mr.T.V.Chowdary(DIN:00054220) as Deputy Managing Director		
9	Appointment of Mr.Y.Durga Prasad Rao(DIN:08072805) as a Director		
10	Appointment of Mr.Y.Durga Prasad Rao(DIN:08072805) as Director (Operations)		
11	Approval to the remuneration payable to the Cost Auditors		

Signed this .... Day of ....2019.

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

39TH ANNUAL GENERAL MEETING - SEPTEMBER 25$^{TH.}$ 2019 AT 11:00 A.M.

DP Id.		Name & Address of the registered Shareholder
Client Id/Regd. Folio No.		
No.of Shares held		

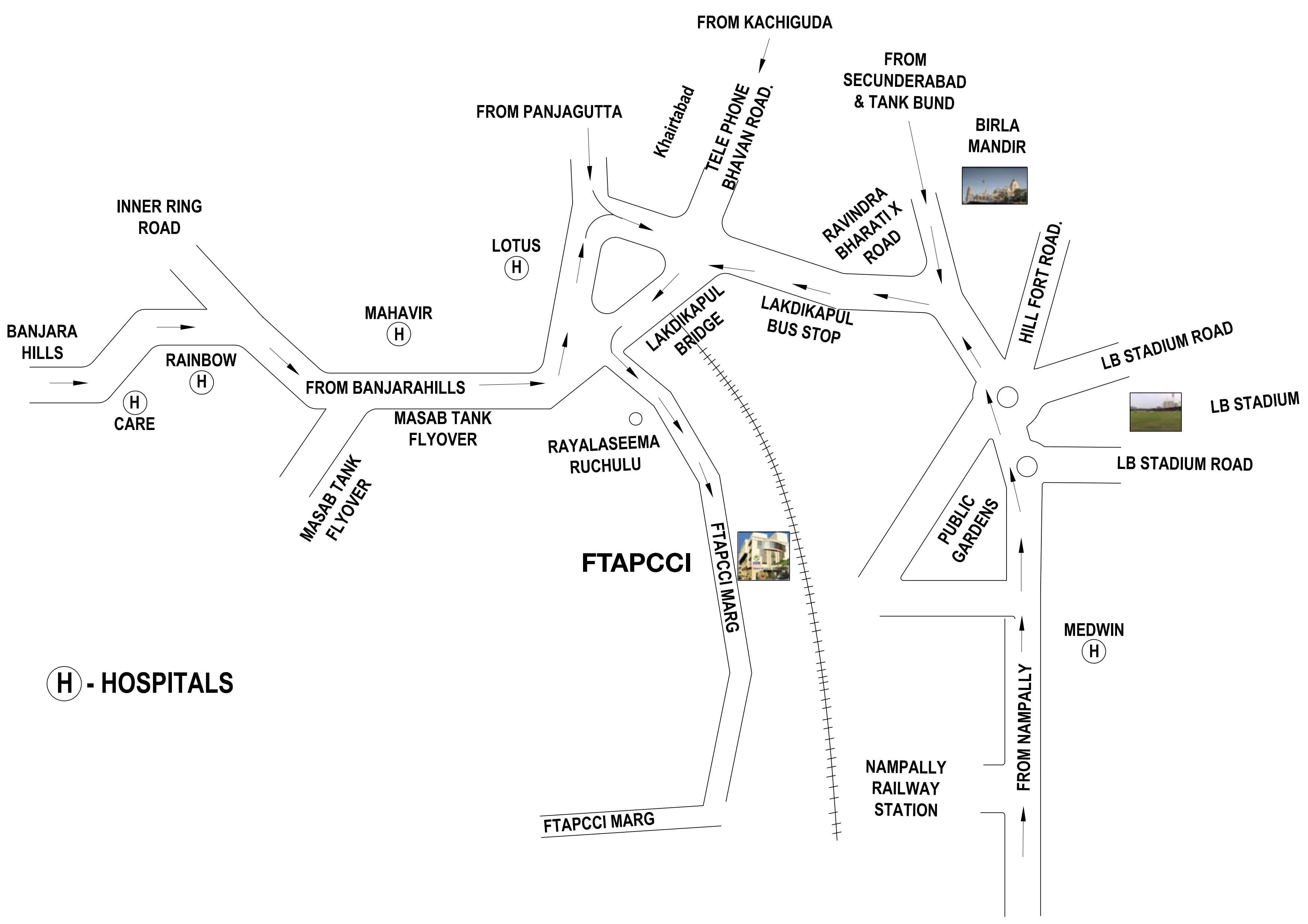
I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 39th Annual General Meeting of the Company being held at Surana Udyog Auditorium,FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana, on Wednesday, 25th September, 2019 at 11.00 a.m

Member's/Proxy's Signature

Note : Please complete this and hand it over at the entrance of the hall.

ROAD MAP (VIA LAKDIKAPUL) TO FTAPCCI



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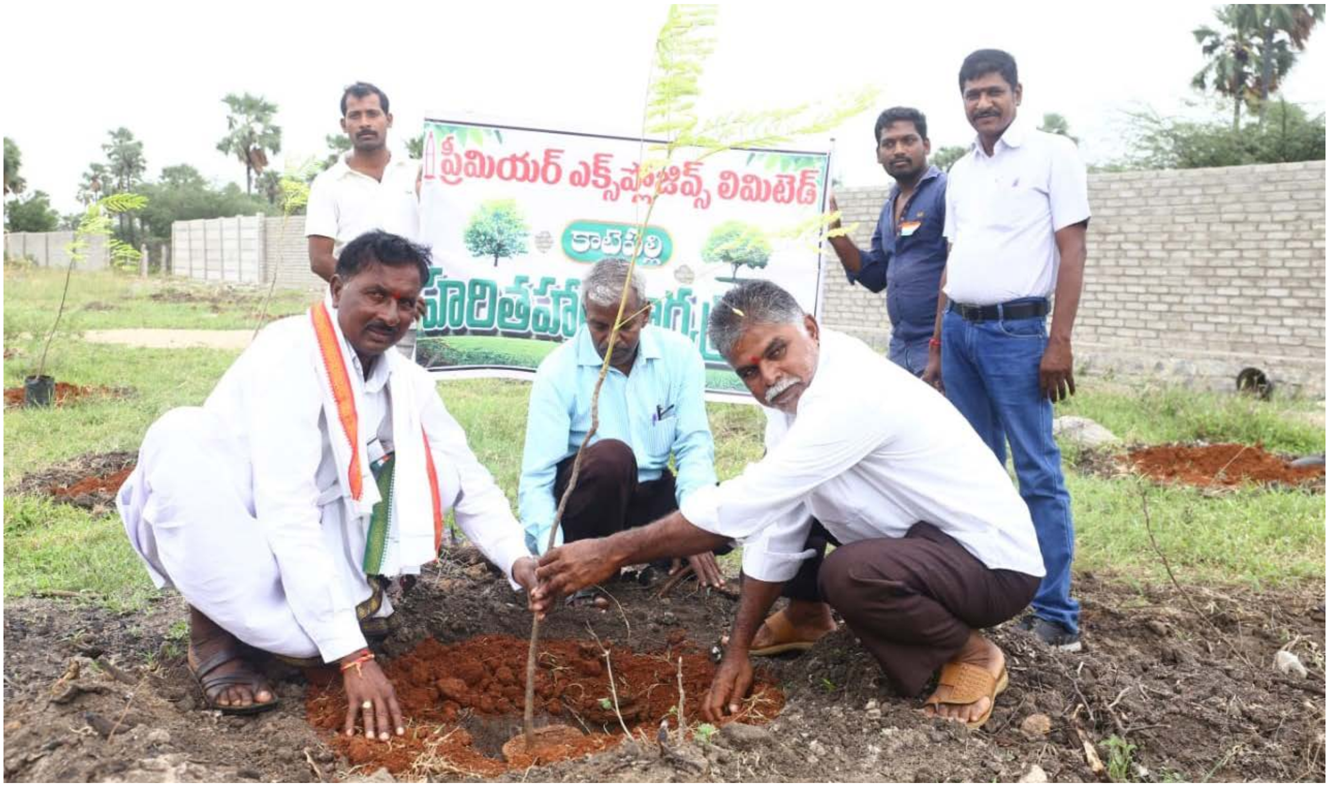

Towards making its facilities greener the company planted 300 saplings at its upcoming unit in Katepally

This in line with the HARITHA HARAM karyakramam of Telangana State

Premier Explosives Limited

Premier Explosives Limited
Premier House, 11 Ishaq Colony, Near AOC Centre,
Secunderabad – 500015, Telangana, India
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