Premier Explosives Limited

UNLEASHING ENERGY THROUGH INTELLECTUAL PROPERTIES

38th Annual Report 2017-18

Key Highlights

Order book	Revenue
₹ 29,760 Lakhs	₹ 26,591 Lakhs

EBIDTA	Profit After Tax
₹ 2,002 Lakhs	₹ 873 Lakhs

Proft Before Tax	RoCE
₹ 1,344 Lakhs	8.3%

Debt /Equity

0.12

Table of Contens

UNLEASHING ENERGY THROUGH INTELLECTUAL PROPERTIES

Premier Explosives Ltd continues to strengthen its intellectual properties (IP) for manufacture of high energy materials for the defence and specialized fields.

The team at Premier comprising of its senior management and technical experts has multiple years of experience in developing high energy materials. For more than a decade the company has been driving growth by successfully commercialising in-house as well as technology-transferred innovations. With the recent foray into Indian Space Research Organisation as an emerging supplier of PSOM-XL strap-on motors and with the ongoing supplies to the Indian Defence sector, the company is unleashing its inherent energy to propel future growth.

UNLEASHING ENERGY
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 continued performance in the near and long term.

PEL is the first private entity in India manufacturing and supplying solid propellants for prestigious missiles like Akash, Astra, LRSAM, MRSAM, QRSAM, NGARM, RRM, ATI etc. Further in FY17 the company has entered Indian Space programme as an approved supplier of PSOM-XL Motor for use in the Polar Satellite Launch Vehicle (PSLV), to ISRO.

Operating Revenue

₹ **9,525** Lakhs

YoY Growth

36%

PEL Expertise (Existing and & Emerging Businesses)

Propellants

- Pyrogen igniters
- Case-bonded propellants
- Free standing grains
- Fuel rich
- Gas generators
- Strap-on motors for satellite launchers
- Air Target Imitator
- Rail Track Rocket Sled Motor (RRM)

Pyros

- Pyro cartridges
- Pyro actuators
- Smoke / flash generators
- IR generators
- Specialized squibs
- IED Disruptor cartridge

Explosives

- CL - 20
- HNS - IV
- Explosive bolts
- BKNO3 Igniters

Counter-measures

- Chaffs
- Flares

UNLEASHING ENERGY
COMMERCIAL EXPLOSIVES

PEL is the first company in India to manufacture commercial explosives with 100% indigenous technology. The Company is manufacturing a diverse range of commercial explosives for mining and infrastructure requirements at its 6 manufacturing units. The company is a dominant player in its segment with its marketing network comprising of consignment agents, dealers, and handling agents across India. Premier also exports commercial explosives to S.E. Asian, Middle Eastern and European countries.

Commercial Explosives

Bulk explosives
Packaged explosives
Cast booster
Emulsion booster
Detonators and Detonating fuse

User industry

Mining and Infrastructure

Major Customers

Coal India Limited
Singareni Collieries Limited
Neyveli Lignite Limited
NMDC Limited
Karnataka Emta Coal Mines Ltd
Cement companies

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

Operating Revenue

₹ **17,066** Lakhs

YoY Growth

64%

ABOUT PREMIER

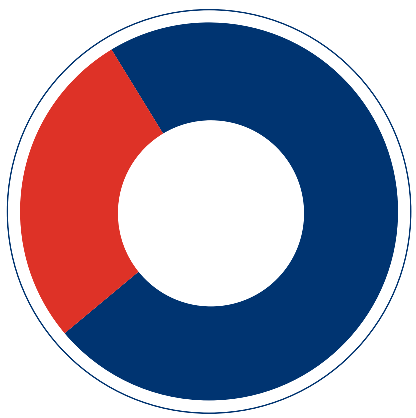
About Us

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 manuacturing solid propellants for rockets like Pinaka , tactical missiles like Astra, Akash, LRSAM / MRSAM, strategic missiles like Agni and also for satellite launchers. The extended capabilities of the company include products such as chaff, 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 used by mining and infrastructure industries.

Operating Revenue FY18
₹ 26,591 Lakhs

Operating Profit FY18
₹ 2,002 Lakhs

Revenue Mix



Industrial	64%
Defence & Aerospace	36%

Order Book (As on 31.03.18)
29,760 Lakhs

Manufacturing units
6

DIPP Licences Received
14

Number of Employees
1130

OUR STRATEGIC PRIORITIES WHILE GOING FORWARD

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

Vision 2025

Leadership

Continue the leadership in High Energy Materials for defence and space

Missiles

Develop capacity for missile integration

Process Innovation

Develop low cost processes and techniques for production of industrial explosives

Aerospace

Meet the full requirements of ISRO's strap-on motors as well as main motors

Global Markets

Enter export market for defence products and high energy components

Our Strategic Environment

Defence

Defence Procurement Policy 2016; linking it to "Make in India" policy, created the top priority procurement category, Indigenously Designed Developed and Manufactured (IDDM), which will be an encouragement for local entrepreneurs. Strategic Partnership Policy and Defence Procurement Organisation formulated in May 2017 are expected to create a large defence eco system in the coming years.

Defence manufacturing in India is at inflection point, with capital expenditure expected at $245 billion in next decade. At 30 % of this capex, offset market is estimated at $75 billion (Source: CII, Business Standard)

Having been a member of Missile Technologies Control Group (MTCR), India now can access advanced technologies.

Explosives

Indian explosives industry, estimated to be INR 40 bn p.a., is considered among the top 5 in the world. Coal requirements for the power sector are projected to reach to about 1,070 MT by 2020. Out of this, domestic coal supply is projected to increase to 756 MT by 2022,

"Your company has deep knowledge of high energy chemistry which is expected to help to take leadership role over the coming years"

Dr. A.N.Gupta
Chairman and Managing Director

CHAIRMAN'S STATEMENT

Our key strategy to increase the revenue pie from the defence sector has shown respectable progress in FY18. From ₹ 6,957 lakhs in FY17 revenue from defence sector has gone upto ₹ 9,525 lakhs in FY18 which is an increase of 37% year on year.

Dr. A.N.Gupta
Chairman and Managing Director

Dear Members

I am happy to present you the annual report for the year 2017-18.

This is the first year of financial statements being reported in accordance with Ind AS. I have seen some merits and at the same time I wonder whether accounting has been rendered too technical for non-financial professionals like me. As the time progress I am sure we will get used to the new accounting system.

This is also the first year of GST, wherein erstwhile taxes of Excise duty, VAT, CST, service tax, etc. have been subsumed. I welcome the new tax regime, which is beneficial to the organised players like your company. There have been teething troubles and frequent amendments but we take them as natural in such massive structural changes.

Financials

The year has been a mixed bag with interesting developments in operating area while profitability has been lower than the last year's.

Our key strategy to increase the revenue pie from the defence customers has shown respectable progress in FY18. From ₹ 6,957 lakhs in FY17 revenue from defence sector has gone upto ₹ 9,525 lakhs in FY18 which is an increase of 37% year on year.

During FY18, your company achieved net operating revenue of ₹ 26590.85 lakhs, a growth of 15% over the previous year's revenue of ₹ 23029.76 lakhs. This is the highest ever revenue achieved by your company and has crossed the milestone of ₹ 250 crores for the first time, on stand-alone basis. It would also be gratifying to note that your company has been consistently increasing the year on year revenue since the last ten years.

During the year our margins were impacted. Our major clients in the mining sector have been facing challenges related to coal price and operational cost escalations. This along with competition among the commercial explosive players have been impacting the bottom line in our explosives business. However we continue to hold encouraging order book from the mining sector and hope to see a better price realization while going forward. Further, your company has accepted certain defence orders at competitive prices in a global tender, with a view to increase our foothold in the import-substitute defence products. Longer than expected realisation of sales proceeds, especially from defence entities, led to higher finance cost on working capital. Consequently Profit after tax from continuing operations (i.e. excluding the wind mill operation which was disposed off in previous year) has been lower at ₹ 873.41 lakhs compared to ₹ 1490.67 lakhs in FY17.

Key developments

Your company has been selected as the supplier of Chaffs to Indian Air Force and has successfully completed the order, partly importing and partly making the components in India. Your company is the first Indian company to have supplied these products.

Your company has designed and developed Air Target Imitator and recently obtained registration from DGQA. Now your company stands first Indian company in that area and can accept orders for this Indigenously Designed Developed and Manufactured (IDDM) product, used by armed forces for missile interception training.

Your company has been constructing a Greenfield project at Katepally, near Hyderabad, to manufacture solid propellants, RDX, HMX, Mines, Warheads and other defence products. This project and expansions at other locations are being funded from equity raised as QIP / Preferential allotment, term loans and internal accruals.

After passing through the qualification tests, during Q1FY19, your company has resumed production of Sustainer grains for Akash missile against an order received earlier. After a short gap, your company bagged order for Booster grain for Akash missile and started supplies in Q1FY19.

Total number of booster grains supplied for Akash is near 2000.

Our insulation plant for missiles has been approved and we received orders from DRDO for thermal insulation of rocket motors.

In collaboration with one French OEM and one Serbian OEM, your company has participated in two tenders of Ministry of Defence for supply of Bi-Modular Charge Systems (BMCS) and 30 mm grenade respectively under 'Make in India' programme. Outcome of tenders is expected to be known in 2019-20.

Your company has been negotiating with the Government of Andhra Pradesh in respect of allotment of land / price for setting up solid propellant plant for supplies to ISRO-SHAR. With a view to meet the immediate requirements of ISRO-SHAR, your company is constructing an interim new plant at Katepally. Full scale project would be constructed near ISRO-SHAR after finalising the land allotment.

Capex

During the year your company has spent ₹ 471.95 lakhs on capex. Capital work in progress, mostly for defence, is approximately at ₹ 1,579.17 lakhs as on March 31, 2018. The total capex outlay for the upcoming project at the Katepally unit is estimated to be ₹ 5,000 lakhs, being met from equity, debt and internal accruals.

Journey ahead

We have also quoted for supply of Pinaka rockets and Pruthvi and Brahmos missiles and are looking forward to get the confirmation to manufacture under ToT. The company has also received enquiries from many other prestigious missile programs.

Your company would continue focussing on defence and space products. Meanwhile, your company has been redefining the marketing strategies for mining products. There are plans for Reduction of manpower through Voluntary Retirement Scheme or redeploying them at Greenfield project. These measures are expected to contain costs and to utilise the resources more productively.

Over the years your company has gained deep knowledge and IP in the chemistry and manufacture of high energy materials which is expected to help to take leadership role over the coming years.

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.

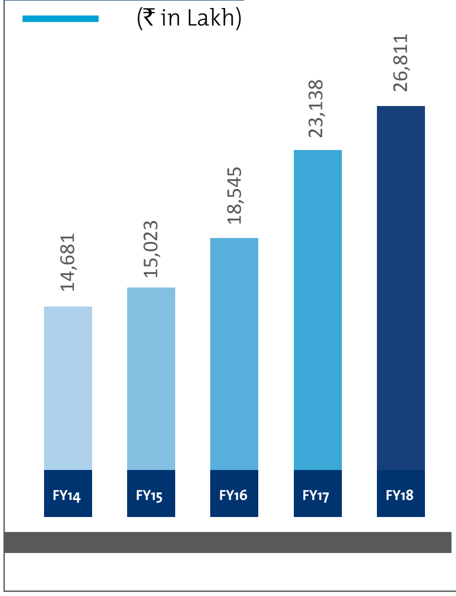
Yours sincerely

Dr. A.N.Gupta
Chairman and Managing Director

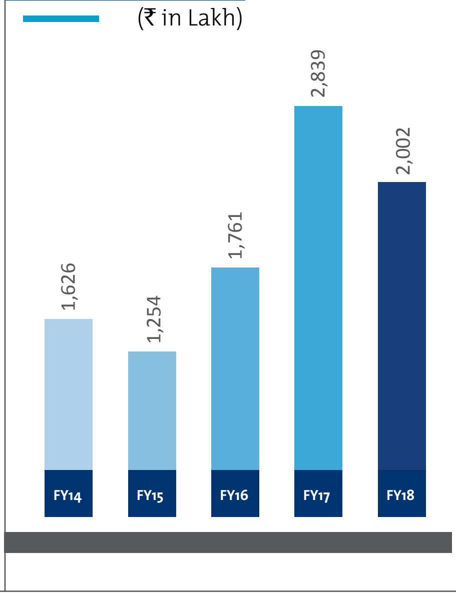
"Your company would continue focussing on defence and space products. Meanwhile, your company has been redefining the marketing strategies for mining products.

FINANCIAL HIGHLIGHTS

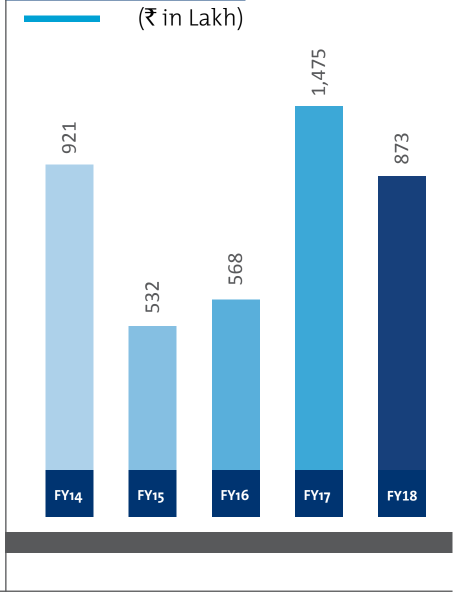
REVENUE



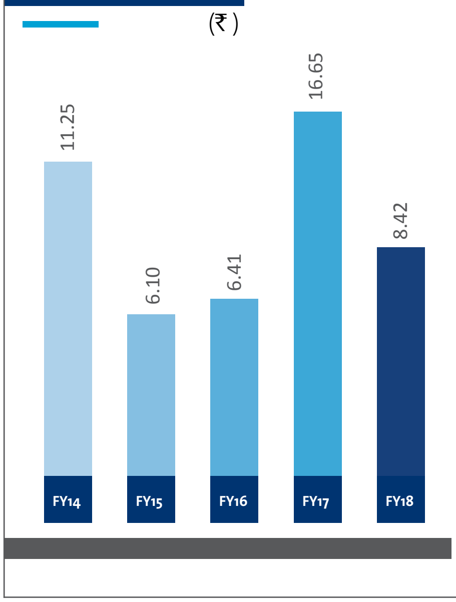
EBIDTA



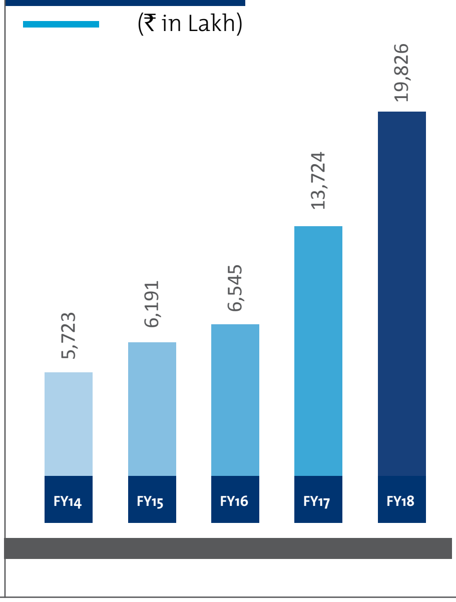
PAT



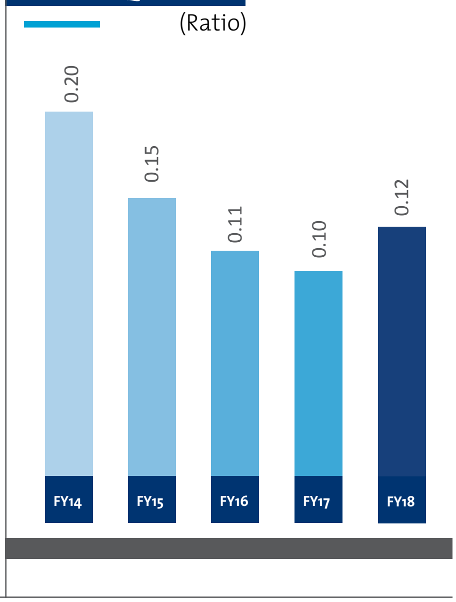
BASIC EPS



NETWORTH



DEBT EQUITY



HIGH ENERGY MILESTONES

2018
ISRO successfully tested PSOM-XL strap on motors (6) produced by PEL

2017
1000th Akash Booster Delivered

2015
Navy test fired LRSAM with PEL's Propellent

2013
Sustainer Grain Plant

2012
Launched NHN

2011
Expanded Solid Propellant Plant

2006
Solid Propellant Plant

1990
Detonator Plant

1984
Established Detonating Fuse Plant

1980
Commence Operations as India's first indigenous commercial explosives company

EMERGING OPPORTUNITIES

T V Chowdary
Deputy Managing Director

Bids for Ammunition

We have submitted our bids for supply of Bi-Modular Charge Systems (BMCS) and 30mm grenades with technology tie up from reputed international OEMs. Ministry of Defence (MoD) is processing the bid applications and next steps include calling for samples and testing them for specifications. Thereafter financial bids would be opened to select the successful bidder, who would be awarded a 10-year contract. We expect the process to take about 8 to 12 months.

Make in India

MoD has issued guidelines for 'Strategic Partnership' - a few large corporates would be identified as Strategic Partners', who are expected to develop eco-systems for various defence products under ''Make in India"

Defence & Aerospace

After confirmation of quality tests, supply of Sustainer grains for Akash missile has been resumed in first quarter of 2018-19. Supply of Booster grains also has been resumed in early 2018-19 upon receipt of new order after a short gap from completion of an earlier order.

Two orders for supply of Chaff have been completed in 2017-18 and we have submitted our bid in a new tender and price negotiation is under way.

We have submitted our tender for Operations and Maintenance (O&M) services at SHAR, ISRO, Sriharikota. Award of another 10-year contract is expected soon.

During 2018-19, we have received registration for manufacture of Air Target Imitator from DGQA and we expect to receive an order for this product.

Currently we are executing order for a new product Rail Track Rocket Sled Motor (RRM) which will add a new stream of turnover.

Commercial Explosives

We have received an order from Singareni Collieries for about ₹ 68 crores to be executed over a period of two years.

In 2017-18, we have completed a large export order to Egypt and we are negotiating for another order from the same party.

Capex

During the year we have invested an amount of ₹ 471.95 lakhs on acquisition of fixed assets and ₹ 1210.21 lakhs have been spent on capital work in progress. As at the end of FY2018, CWIP stood at ₹ 1579.17 lakhs which is expected to be capitalised during the year FY2019.

Currently, the new project at Katepally has been progressing swiftly where solid propellants, RDX, HMX, mines and other defence products would be manufactured. Construction of facilities is expected to be completed by March 2019 at an expected cost of ₹ 5,000 lakhs, being met from QIP proceeds, internal accruals and debt.

> **"During the year we have invested an amount of ₹ 471.95 lakhs on acquisition of fixed assets and ₹ 1210.21 lakhs have been spent on capital work in progress. As at the end of FY2018, CWIP stood at ₹ 1579.17 lakhs which is expected to be capitalised during the year FY2019.**

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

Business Verticals

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

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

Collaborations

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

Production under TOT

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

Esteemed Clients

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

BOARD OF DIRECTORS

The Board of Directors of the company has an optimum combination of Executive, Non-Executive and Independent Directors who have in-depth knowledge of business and expertise in their areas of specialization. The Board comprises 8 directors which includes one woman director.

Dr. A.N.Gupta
Chairman & Managing Director

T V Chowdary
Deputy Managing Director

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

P R Tripathi
Independent Director

Anil Kumar Mehta
Independent Director

K Ramarao
Independent Director

Dr. A Venkataraman
Independent Director

Gen P.R. Kumar (Retd.)
Director

Dr. A.N.Gupta
Chairman & Managing Director

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

T V Chowdary
Deputy Managing Director

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

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.

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).

Anil Kumar Mehta
Independent Director

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

K Ramarao
Independent Director

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

Dr. A Venkataraman
Independent Director

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

Gen P.R. Kumar (Retd.)
Director

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

SENIOR MANAGEMENT TEAM

Dr. A.N.Gupta
Chairman & Managing Director

T V Chowdary
Deputy Managing Director

C. Subba Rao
Chief Financial Officer

Y. Durga Prasad
President Production

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

Comm Indraneel Deb
GM (Defence Operations)

CORPORATE INFORMATION

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

T.V. Chowdary
(Deputy Managing Director)

Col Vikram Mahajan (Retd)
(Director Marketing) (till 30.11.2017)

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)

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

Listing
BSE & NSE

People
Premier's workforce consists of 1130 number of people across its locations.

Sectors we serve
Company's products are consumed by defence, 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

Mobile Medicare Unit (MMU)

Since 2014 Premier Explosives Limited, in collaboration with HelpAge India, has been conducting health services through MMU at the door-steps of elderly and needy people in Yadagirigutta Mandal of Telangana.

Tests were done for the Elderly. Advise was given about the care to be taken. Medicines were also given for the ailments they suffer from.

Health and Awareness Camps

Health and awareness camp was conducted at Vangapally Village on IDOP (International Day of Older Persons) Day.

Health and awareness camp was conducted on World Alzheimer's Day and villagers were educated about Alzheimer's a cause of dementia.

A camp was also conducted on World Diabetes Day to create awareness on Diabetes.

An awareness camp was conducted on "World Elders Abuse Awareness Day". People were advised about the care of older persons and also take responsibility of giving them respect and take care about their needs.

April 2017 to March 2018 we have treated 23673 (9283 males, 14390 Females).

Provided ID cards with Lamination and Senior Citizen ID card from Dist. Welfare office.

The common ailments detected in elderly are:

- Osteoarthritis
- Diabetes
- HTN
- Vision problems
- Acidity
- Muscular weakness

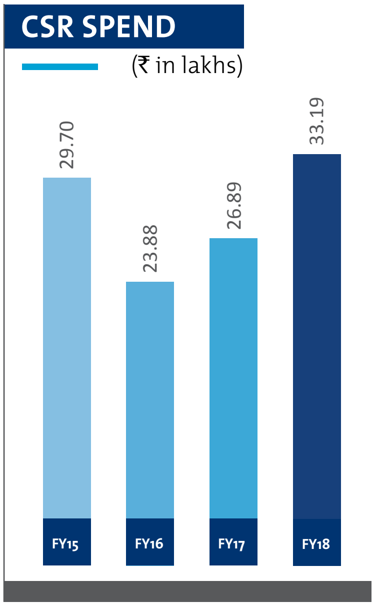
FY18 Healthcare Impact

23673 People

Financial Support to Various Institutions

We have financially supported various Health, Education and Defence organisations who have been serving various social causes.

Essay Writing Competition in school & students sharing



MANAGEMENT DISCUSSION & ANALYSIS

1. Macroeconomic review

Ministry of Statistics and Programme Implementation (www.mospi.nic.in) has provisionally estimated national GVA (at current prices) at ₹ 119.76 lakh crores as against ₹ 112.48 lakh crores in 2016-17, i.e. a growth of 6.5% in 2017-18.

Provisional estimate of GVA and GDP at current prices, 2017-18 (₹ lakh crores)

		2015-16	2016-17		2017-18	
A.	GVA at basic prices	105.03	112.48	*7.1%*	119.76	*6.5%*
B.	Net taxes on products	8.83	9.48	*7.4%*	10.35	*9.1%*
C.	GDP (A + B)	113.86	121.96	*7.1%*	130.11	*6.7%*

Our economy is still adjusting to the structural changes of de-monetisation and GST. 'Make in India' is yet to take off to a visible level. Such factors have resulted in slower economic growth.

Recent hike in crude oil prices and tariff war between two large countries have been a cause of concern across the world.

However, positive factors like de-escalation of nuclear war after the cordial summit between the two hostile countries are expected to help the world economies to allocate resources for more important purposes.

2. Operating environment

The company's operating environments primary consists of two customer groups, namely, defence and mining / infrastructure. The defence sector is influenced by factors like national security, defence budgeting & indigenization whereas the mining sector is driven by the demand for and consumption of coal, iron, limestone and other minerals.

Premier explosives Limited is a manufacturer and supplier of missile propellants, Chaffs, tear gas grenades, pyro devices and allied items to Indian defence establishments. The company is also a supplier of commercial explosives to coal mines predominantly to Coal India Ltd.

A. Defence explosives – key drivers

a) Strategic partnership guidelines

In May 2018 Ministry of Defence approved the guidelines for Strategic Partnership model. This is expected to give a major fillip towards encouraging self-reliance and aligning the defence sector with the 'Make in India' initiative of the Government.

According to a study by PWC, Strategic Partnership is the most-appreciated development in the Indian Defence sector promulgated in Chapter-VII of the Defence Procurement Procedure 2016.

Premier Explosives Limited would co-work with Strategic Partners for development and manufacture of solid propellants (akin to DRDO during development phase and Bharat Dynamics Limited in induction phase)

b) Draft Defence Production Policy 2018

The draft policy was released in March 2018 with the objectives of 'achieving substantive self-reliance' and 'building up a robust indigenous defence industrial base' in India.

Salient features of the draft policy include:

- By 2025 achieving a defence turnover of USD 26 billion (including USD 5 bn exports), investment of USD 10 billion an employment of 2 to 3 million people
- FDI upto 74% under automatic route in nice technology areas
- Provisions that would not be rigid on turnover and prior experience requirements for entry of MSMEs into Defence sector as long as they meet the technical and functional requirements
- Competency mapping of the private players through a portal on the Department of Defence Production
- Liberalisation of industrial licensing
- Encouragement to DPSUs, OFBs and private players to become system integrators and in turn setting up an extensive eco-system of partners and vendors
- Opening up the testing systems of defence organisations to the private players

These policy initiatives are expected to shorten to cycle of design, development and manufacture which are helpful in furtherance of defence business for the company.

c) Defence Planning Committee

It is an overarchial committee created by the Government as a permanent body chaired by the National Security Advisor, with intent to enable efficiency in decision making and enhance defence preparedness.

One of the decisions taken by the committee in its meeting held on May 3, 2018 includes creation of additional capacity to become self-sufficient in critical ammunition manufacturing.

The committee structure is expected to expedite local manufacture of ammunition and Premier Explosives Limited already submitted two bids for supply of ammunition in collaboration with foreign collaborators.

d) **Defence indigenisation**

'Make in India' in defence sector, is primarily driven by capital acquisition of defence equipment and other policy measures. In the last four financial years i.e. from 2014-15 to 2017-18, Government has accorded Acceptance of Necessity (AoN) to151 proposals, worth about ₹ 2,66,700 crore under 'Buy (Indian-IDDM)', 'Buy (Indian)', 'Buy and Make (Indian)' or 'Make' categories of capital procurement as per Defence Procurement Procedure (DPP), which means Request for Proposal (RFP) shall be issued only to Indian Vendors. In the last four financial years i.e. from 2014-15 to 2017-18, a total of 128 contracts worth about ₹ 1,19,000 crore have been signed with Indian vendors for capital procurement of defence equipment.

During the last three years and current year (upto June, 2018) out of total 168 contracts, 106 contracts have been signed with Indian vendors for procurement of defence equipment for Armed Forces such as Helicopters, Radar, Ballistic Helmets, Artillery Guns, Simulators, Missiles, Bullet Proof Jackets, Electronic Fuzes and ammunition.

e) **National defence budget 2018-19**

₹ in crores	Revised budget estimate 2017-18	Budgeted estimate 201-19	Increase
Revenue expenditure	1,76,516	1,85,323	5%
Capital expenditure	86,488	93,982	9%
Total	2,63,004	2,79,305	6%

Source: https://www.indiabudget.gov.in/vol2.asp?pageid=2

Higher allocation of resources for capex in the budget would be a positive factor for our company's business.

f) **India's missile programmes**

The Integrated Guided Missile Development Programme (IGMDP) is managed by Defence Research and Development Organisation (DRDO). The project commenced in early 1980s under the leadership of Dr APJ Abdul Kalam. Four projects, being pursued concurrently, were born under the IGMDP: Short range surface-to-surface missile (code-named Prithvi); Short range low-level surface-to-air missile (code-named Trishul); Medium range surface-to-air missile (code-named Akash) and Third-generation anti-tank missile (code-named Nag).

The Indian Missiles can be classified into following four segments:

Missile systems			
Ballistic	Tactical	Cruise	Special mission
ICBM IRBM MRBM SRBM	Surface to Surface Surface to Air Air to Air Air to Surface ATGM	Long range Medium range Short range	Anti radiation Anti satellite Electromagnetic pulse
Premier Explosives Limited supplies solid propellants for the following missiles / rockets			
Agni IV	Pinaka rocket Akash Astra	LRSAM MRSAM SRSAM QRSAM	Discussions under way for Anti radiation

Premier Explosive is a top supplier of propellants for Indian missile programmes with proven capabilities to propel ballistic, tactical & cruise missiles. To further consolidate its position in this market the company is taking steps to obtain transfer of technology (ToT) for another prestigious cruise missile, Brahmos.

g) **Strategic Trade Authorisation -1 (STA-1) status for India**

In August 2018, US designated STA-1 status to India, scaling up from the previous STA-2.

The new status is expected to facilitate India's military modernisation with US as a reliable provider of advanced defence articles.

This is a major development for the country enabling the country to build advanced defence articles and business opportunities are expected to flow down to companies like Premier Explosives Limited.

B. Commercial explosives – key drivers

a) Production of explosives

Product	UoM	2015-16	2016-17*	Growth
SMS explosives	tons	7,62,850.38	8,02,238.11	5%
Cartridge explosives	tons	3,78,989.96	4,09,488.87	8%
Boostex and PETN	tons	7,996.38	9,079.65	14%
Safety fuse	mn mtr	61.10	53.26	-13%
Detonating fuse	mn mtr	479.60	612.83	28%
Detonators	mn mtr	969.05	1,120.73	16%

Source: www.peso.gov.in

**2017-18 details yet to be available*

As per the latest available statistics, production of bulk explosives grew by 5% in 2016-17.

b) Production of coal in India

As per Annual Report 2017-18 of Ministry of Coal, estimated production of coal was 730.10 million tons in 2017-18, compared to 662.79 million tons in 2016-17, i.e. a growth of 10% over previous year.

(https://coal.nic.in/sites/upload_files/coal/files/coalupload/chap6AnnualReport1718en.pdf)

Increased mining of coal has led to higher consumption of explosives.

c) Commercial coal mining for private sector

In February 2018, Cabinet Committee on Economic Affairs approved auction of coal mining for private sector.

- Most ambitious coal sector reform since its nationalisation in 1973
- Ensures transparency and ease of doing business
- Ensures national resources are used for national development
- Higher investments and higher employment creation
- Higher efficiency with deployment of best possible technologies
- Energy security
- Moving from an era of monopoly to competition

(http://pib.nic.in/PressReleaseIframePage.aspx?PRID=1521026)

When implemented, this decision would lead to increase in coal mining and creating demand for explosives.

3. Outlook

Your company is setting up a new plant at Katepally for manufacture of solid propellants, RDX and HMX. Construction of buildings is in advanced stage of completion and a few of the machinery have arrived and others are ordered and are at different stages of procurement. We expect the project to be ready by end of current financial year.

Your company is expecting allotment of about 250 acres of land in Andhra Pradesh to establish a solid propellant plant for space applications.

The amount raised by QIP and Preferential Allotment and term loans is being utilised toward Greenfield project at Katepally and expansions at other existing locations.

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.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Companies Act, 2013.

Your company has adopted Ind AS from April 1, 2017 and the financial statements for 2017-18 are the first ones under Ind AS. Note 33 in the financial statements explains how the transition from previous GAAP to Ind AS was carried out in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards with the date of transition as April 1, 2016 and its effects on the company's financial position, financial performance and cash flows.

Performance:

Current year's net operating revenue at ₹ 26590.85 lakhs was 15% higher compared to last year's ₹ 23029.76 lakhs. Profit before tax from continuing operations was ₹ 1343.94 lakhs which was 39% lower than the amount of ₹ 2202.31 lakhs in the earlier year.

Profit after tax from continuing operations at ₹ 873.41 lakhs was 41% lower than previous year's ₹ 1490.67 lakhs, due to reasons like lower realisation from some of the explosive products, higher finance costs, provision for expected credit loss upon adoption of Ind AS.

Financial position (₹ in lakhs):

	31.03.2018	31.03.2017
Equity	1063.71	885.86
Other equity	18761.91	11488.34
Net worth	**19825.62**	**12374.20**
Book value per share - ₹	184.98	139.69
Long term borrowings	780.46	646.40
Debt equity ratio	0.12 : 1	0.10 : 1
Gross block	12807.44	12366.06
Fixed assets turnover ratio	2.07	1.86
Current assets	17779.77	10339.25
Current liabilities	8349.77	6971.28
Current ratio	**2.13**	**1.48**

Other equity includes ₹ 5750.59 lakhs being the difference between cost of land and fair value of land taken as deemed cost on adoption of Ind AS.

6. Risk management

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

Risk	Description	Mitigation
Project risk	The company has been executing various projects for enhancement of capacity as well as establishment of manufacturing facilities for new products. These capital projects may be exposed to time and cost overruns.	To mitigate these risks, the technocrat management developed in-house design of equipment to the extent possible. The management also closely follows up the execution of projects to meet the deadlines.
Market and Competition risk	Commercial explosives business is linked to mining and infrastructure activity which have not been faring well in recent times. Further, there has been intensive competition in the industry with entry of new units.	To mitigate this risk, the company is exploring new markets including export markets. The company is also focusing on defence products which are expected to grow into a reasonably large stream of revenues to add diversity to the product portfolio.
Safety risks	Both raw materials and finished goods are high risk items during production and handling.	Apart from strict adherence to mandatory safety measures, the company has developed an alternative chemical compound as primary explosive in production of detonators. This alternative chemical is less sensitive to friction and hence is safer than its traditional counterpart. The company which is already an ISO 9000 compliant for commercial products is now implementing AS 9100 C for defence / aero products. The company gives utmost priority for the safety of its employees as well as the manufacturing assets. These measures are expected to make the systems function in accordance with safety standards.
Raw material price risks	Ammonium nitrate and fuel oil form major part of raw materials in manufacture of explosives and those raw material prices are influenced by international dynamics as domestic Manufacturers cannot meet the requirements fully.	This risk is mitigated by price escalation clauses in supply contracts whereby selling prices are periodically adjusted for the changes in prices of main raw materials. The company also uses a mix of domestic and imported ammonium nitrate taking into account the landed cost of the materials in both the options. As such risk absorption clauses are not available in supply of other products, the company takes all efforts to control the overall cost of manufacture, including backward integration.

7. **Internal financial controls and their adequacy**

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

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

Management reviews the operations on a regular basis.

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

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

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

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

Your company has 1,130 employees as on 31st March, 2018 (1,163 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
09.08.2018

DIRECTORS' REPORT

Dear Members

1. Your directors are pleased to present the 38th annual report including the audited financial statements of your company for the year ended 31st March, 2018.

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Profit for the year				
Operating revenue	26,590.85	23,029.76	27,458.90	23,778.44
Other income	220.49	66.82	222.52	69.50
Total revenue	26,811.34	23,096.58	27,681.42	23,847.94
EBIDTA from continuing operations	2,001.64	2,897.68	1,955.89	2,956.14
% to Operating revenue	7.53%	12.58%	7.12%	12.43%
Profit before tax from continuing operations	1,343.94	2,202.31	1,264.12	2,234.94
Profit from discontinued operations, after tax	-	55.47	-	55.47
Profit after tax	873.41	1,546.14	814.92	1,576.43
% to Total revenue	3.26%	6.69%	2.94%	6.61%
EPS (₹)	8.42	17.46	7.72	17.80
Appropriations				
Retained earnings at beginning of the year	**9303.39**	**7957.25**	**9425.40**	**7989.16**
Profit for the year	873.41	1546.14	814.92	1576.43
Adjustment on acquisition of Premier Wire Products Limited as on June 30, 2016	-	-	-	59.81
Transfer to general reserve	-	(200.00)	-	(200.00)
Dividend and tax thereon	(384.08)	-	(384.08)	-
Retained earnings at end of the year	**9792.72**	**9303.39**	**9856.24**	**9425.40**

2. **Indian Accounting Standards (Ind AS)**

The financial statements of your company up to the year ended March 31, 2017 were prepared in accordance with Indian GAAP.

With effect from April 1, 2017 your company has adopted Ind AS with the date of transition as April 1, 2016.

Thus the financial statements for the year 2017-18 (with comparative data for previous year 2016-17) have been prepared in accordance with new accounting standards pursuant to the Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

3. **State of affairs**

During the year under review, your company's operating revenue has gone up by 15% to ₹ 26590.85 lakhs from ₹ 23029.76 lakhs during previous year.

EBIDTA decreased by 31% to ₹ 2001.64 lakhs from ₹ 2897.68 lakhs, due to lower realisation from few of the explosive products in an unhealthy competitive market.

Consequently, profit after tax declined by 44% to ₹ 873.41 lakhs from ₹ 1546.14 lakhs.

4. **Operations**

Production of explosives went up by 9% to 43,397 tonnes from previous year's 39,957 tonnes.

Production of detonators increased to 49.79 million pieces from 48.98 million pieces a year ago, which is an increase of 2%.

During the year your company has, for the first time, made Chaffs and supplied to Indian Air Force, while there has been a decline in off take of solid propellants for missiles.

Operations & maintenance contracts at Sriharikota and Jagdalpur have been satisfactory. In July 2018, your company has completed the 11-year contract at Sriharikota and it is expected the contract would be extended for another 10 years.

5. **Capital expenditure**

During the year the company incurred a capital expenditure of ₹ 471.95 lakhs for defence and non-defence products. There have been deductions from fixed assets for an amount of ₹ 30.57 lakhs. Capital work in progress has gone up by ₹ 1210.21 lakhs.

6. **Dividend**

Your Board, in their Board meeting held on May 23, 2018 has recommended a dividend of ₹ 2.50 per share (25%) and this proposal is subject to your approval at the ensuing Annual General Meeting.

7. **Share capital and reserves**

a) **Share capital**

During the year your company raised equity share capital by way of qualified institutional placement (QIP) by issuing 16,51,000 equity shares of ₹ 10 each at ₹ 400 per share, including a premium of ₹ 390 per share.

Your company also made preferential allotment of 1,27,564 equity shares of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398 per share, to promoters (75,020 shares) and others (52,544 shares).

Thus the equity share capital increased to ₹ 1063.71 lakhs as at 31.03.2018 from ₹ 885.86 lakhs as at 31.03.2017.

b) **Share warrants**

During the year, your company made preferential allotment of 1,35,100 warrants, each convertible into one equity share of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398 per share, to promoters (100,100 shares) and others (35,000 shares).

c) **Fair value / Revaluation surplus**

As provided in 'Ind AS 101 First-time Adoption of Indian Accounting Standards', your company, as the first time adopter of Ind AS, has elected fair value of freehold land as its deemed cost as at the date of transition to Ind AS, i.e. April 1, 2016. In view of this, the amount of revaluation surplus arising upon revaluation of freehold land as at December 31, 2016 has been nullified during the year 2017-18.

8. Deposits

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

9. Material changes and commitments after the reporting period

Participation in RFI

Your company has submitted two bids to Ministry of Defence for manufacture of ammunition under 'Make in India' initiative. If successful the order would be for a period of ten years and your company has made technology tie up with foreign original equipment manufacturers (OEMs).

10. 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 ₹ 0.45 lakh during 2017-18 (₹ 0.42 lakh during 2016-17).

As on 31st March, 2018, 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 2017-18 was ₹ 1035.66 lakhs and there was a loss of ₹ 68.33 lakhs (Revenue of ₹ 1154.11 lakhs and net profit of ₹ 17.94 lakhs during previous year).

As on 31st March, 2018, 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 ₹ 0.72 lakh during 2017-18 (₹ 8.08 lakh during the year 2016-17).

Your company and Kalyani Strategic Systems Limited, each hold 1,00,000 equity shares in the share capital of BFPES, as on 31st March, 2018.

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.

11. Future outlook

Recent release of Draft Defence Production Policy 2018 contains helpful guidelines that promote indigenisation and private sector participation in building defence eco-system which augurs well for your company's business.

After facing the teething troubles with GST and demonetisation, the economy is expected to take growth path again in near future. Demand uptick for mining, power and infrastructure is expected to offer better opportunities for your company's explosive products.

12. 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, 2018 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 2017-18 there were 6 Board meetings held on 14th April 2017, 12th May 2017, 27th May 2017, 18th August 2017, 29th November 2017 and 10th February 2018.

D. Board evaluation

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

E. Change in directors

a) Resignation of director

During the year Col Vikram Mahajan resigned as Director (Marketing).

b) Rotation of director

Mr. T.V.Chowdary, Deputy Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board recommends reappointing him as a Director.

c) Reappointment of director

Current Term of Dr.Amarnath Gupta as Chairman and Managing Director is expiring on February 13, 2019. The Board recommends his reappointment as Chairman and Managing Director with effect from February 14, 2019 for a term of three years.

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

a) Criteria for appointment of directors

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

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

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

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

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

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

b) Policy on directors' remuneration

i. Policy

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

ii. Components of remuneration

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

iii. Fixed remuneration

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

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

iv. Variable remuneration

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

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

v. Statutory benefits

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

vi. Perquisites and other benefits

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

vii. Increments

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

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

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

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

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

viii. Remuneration to independent and non-whole time directors

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

ix. Service contracts, notice period and severance fees:

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

None of the directors is eligible for severance pay.

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.

13. Transfer of shares to IEPF

As required under Section 124 of the Companies Act, 2013, 46,902 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 2017-18. Details of shares transferred have been uploaded on the website of the Company.

14. 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 2017-18 and they being eligible, the Board has re-appointed them for the year 2018-19.

c) **Cost auditors**

M/s S. S. Zanwar & Associates, Cost Accountants were cost auditors for 2017-18 and they being eligible, the Board has re-appointed them for the year 2018-19 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 2017-18 and he being eligible, the Board has re-appointed him for the year 2018-19.

15. Independent auditors' report

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

16. Ratings

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

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

17. Management discussion and analysis

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

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. Corporate social responsibility (CSR) activities

During the year 2017-18 your company has spent an amount of ₹ 33.19 lakhs (₹ 26.89 lakhs in previous year) on CSR activities, against the minimum mandatory amount of ₹ 33.13 lakhs, being 2% of average profit for the last three years.

Details of CSR activities are given in Annexure - 8.

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

There are 95 women employees in your company as on 31st March, 2018 (100 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.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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 ₹ 526.30 and a minimum of ₹ 317.85. The price closed at ₹ 335.00 on March 28, 2018, a decrease of 4% over the price of ₹ 349.90 on March 31, 2017.

On NSE, your company's share price had moved between a maximum of ₹ 526.40 and a minimum of ₹ 319.55. The price closed at ₹ 335.55 on March 28, 2018, a decrease of 4% over the price of ₹ 350.05 on March 31, 2017.

The strength of shareholders has increased from 9,715 on 31.03.2017 to 10,258 on 31.03.2018.

32. Industrial relations

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

33. 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
09.08.2018

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 17–Mar 18, same as for holding company	Apr 17–Mar 18, 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	100.14	(0.87)
7	Total assets	926.48	0.43
8	Total Liabilities	176.34	0.30
9	Investments	-	-
10	Turnover	1,035.66	-
11	Profit before taxation	(76.00)	(0.45)
12	Provision for taxation	7.67	-
13	Profit after taxation	(68.33)	(0.45)
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, 2018
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 (₹ in lakhs)	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	0.78
6	Profit / (Loss) for the year	
	i. Considered in Consolidation	(0.36)
	ii. Not Considered in Consolidation	(0.36)

Note:

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

ANNEXURE-2
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, 2018 is as follows:**

The Board of Directors of the company has an optimum combination of Executive, Non-Executive and Independent Directors who have in-depth knowledge of business and expertise in their areas of specialization. The Board comprises 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.Anikumar 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.Venkatraman	Director	Non Executive-Independent
8	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, 2017.

Name of the Director	No. of Board meetings attended		Last AGM attendance (Yes/No)
	Held during tenure	**Attended**	
Dr.A.N.Gupta	6	6	Yes
Mr.T.V.Chowdary	6	5	Yes
Col.VikramMahajan(Retd.)(Resigned on 30.11.2017)	5	2	Yes
Dr. (Mrs.) Kailash Gupta	6	6	Yes
Mr. P.R.Tripathi	6	4	No
Mr. Anilkumar Mehta	6	6	Yes
Mr. K.Rama Rao	6	5	Yes
Dr.A.Venkataraman	6	5	Yes
Gen.P.R.Kumar (Retd.)	6	5	No

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

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

The number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2018 are given below. (Chairmanships/Memberships of Board Committees include only that of Audit Committee and Stakeholder Relationship Committee)

Name of the Director	No. of other Directorships	Other Committee positions*	
		Membership	Chairman
Dr.A.N.Gupta	2	-	-
Mr.T.V.Chowdary	5	-	-
Col. Vikram Mahajan(Retd.) (Resigned on 30th November, 2017	-	-	-
Dr.(Mrs.) Kailash Gupta	1	-	-
Mr.Anilkumar Mehta	-	-	-
Mr.P.R.Tripathi	7	5	4
Mr.K.Rama Rao	-	-	-
Dr.A.Venkataraman	-	-	-
Gen.P.R.Kumar (Retd.)	-	-	-

i. 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 PrivateLimited BF Premier Energy Systems PrivateLimited 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 Hindusthan Dorr Oliver Limited IVRCL Limited HDO Technologies Limited Minman Consultancy Services PrivateLimited IOT Utkal Energy Services Limited RIHM Developers Private Limited	Director Director Director Director Director Director Director
Mr. K.Rama Rao	None	None
Dr.A.Venkataraman	None	None
Gen.P.R.Kumar (Retd.)	None	None

ii. Positions in Committees of all companies

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

Name of the Director	Name of the Company	Member of the Committee	Chairman of the Committee
Dr.A.N.Gupta	None	None	None
Mr. T.V.Chowdary	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
Dr. (Mrs.) Kailash Gupta	Premier Explosives Limited	CSR committee	No
		Stakeholder Relationship Committee	No
		Internal Complaints Committee	No

Name of the Director	Name of the Company	Member of the Committee	Chairman of the Committee
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 OliverLimited	Audit Committee	Yes
		Stakeholder Relationship Committee	Yes
	IOT Utkal Energy Services Limited	Audit Committee	No
Mr. Anilkumar Mehta	Premier Explosives Limited	Stakeholder Relationship Committee	Yes
		Audit Committee	No
		Nomination and Remuneration Committee	No
Mr. K.Rama Rao	Premier Explosives Limited	Audit Committee	No
		Nomination and Remuneration Committee	No
Dr.A.Venkataraman	None	None	None
Gen.P.R.Kumar (Retd.)	None	None	None

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

The Board of Directors met 6 times during the Financial Year from 01st April, 2017 to 31st of March, 2018. The dates on which the meetings were held are as follows:

14th April, 2017, 12th May, 2017, 27th May, 2017, 18th August, 2017, 29th November, 2017 and 10th February, 2018.

e. Disclosure of relationship between directors inter se

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

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

Name	Category	No. of Shares held as on 31.03.2018
Dr.(Mrs.) Kailash Gupta	Non Executive & Non Independent Director	11,02,798 equity shares and 50,000 convertible warrants
Mr.Anilkumar Mehta	Non Executive& Independent Director	3,000
Mr.P.R.Tripathi	Non Executive& Independent Director	Nil
Mr.K.Rama Rao	Non Executive& Independent Director	Nil
Mr.A.Venkataraman	Non Executive& Independent Director	Nil
Gen.P.R.Kumar (Retd.)	Non Executive& Independent Director	Nil

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

In every quarter during the year 2017-18

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

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

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

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

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

h. **Separate Independent Directors Meeting**

A separate meeting of Independent Directors of the Company was held on 22nd February, 2018 for the evaluation of performance of directors. 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.

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 18(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

Role of Audit Committee includes

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

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

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

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

   1. Matters required to be included in the Director's Responsibility Statement to be included in the Board report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.
   2. Change, if any, in accounting policies and practices and reasons for the same.
   3. Major accounting entries involving estimates based on the exercise of judgment by management.
   4. Significant adjustments made in the financial statements arising out of audit findings.
   5. Compliance with listing and other legal requirements relating to financial statements.
   6. Disclosure of any related party transactions.
   7. Modified opinion (s) in the draft audit report.

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

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

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

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

ix. Scrutiny of inter-corporate loans and investments.

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

xi. Evaluation of internal financial controls and risk management systems

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

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

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

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

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

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

xviii. To review the functioning of the whistle blower mechanism

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

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

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

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

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

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

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

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

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

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

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

Audit Committee consists of 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, 2018.

During the year the Committee held 5 meetings on May 12, 2017 , May 27, 2017, August 18, 2017, November 29, 2017 and February 10, 2018.

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. P.R.Tripathi	Chairman	5	3
Mr. Anilkumar Mehta	Member	5	5
Mr. K. Rama Rao	Member	5	5

4. **Nomination and remuneration committee**

a. Brief description of terms of reference

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

Role of the Committee is as follows:

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

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

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

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

c. Committee meetings and attendance during the year

During the year the Committee held one meeting on 18th August, 2017.

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

d. Criteria for performance evaluation.

Performance evaluation criteria for Independent Directors:

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

Executive Directors

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

5. Remuneration of Directors

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

b. Apart from the sitting fees, Non executive directors are not paid any remuneration. The details of the sitting fees paid to the Directors for attending Board and Committee Meetings during the year 2017-18 are given below:

S.No.	Name of the Director	Amount of Sitting fees (₹ in lakhs)
1.	Dr.(Mrs.)Kailash Gupta	2.50
2.	Mr.Anilkumar Mehta	3.40
3.	Mr.P.R.Tripathi	1.70
4.	Mr.K.Rama Rao	2.00
5.	Dr.A.Venkatamanan	1.10
6	Gen.P.R.Kumar (Retd.)	1.00

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	166.09	29.39	13.05	-	-	208.53
2	Mr.T.V.Chowdary	49.34	12.48	7.77	-	-	69.59
3	Col. Vikram Mahajan (Retd.) (Up to 30th November, 2017-Resignation date)	18.14	8.43	5.19	-	-	31.76
Sub total		**233.57**	**50.30**	**26.01**	**-**	**-**	**309.88**

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

Variable remuneration:

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

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

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

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

6. Stakeholders Relationship Committee:

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 30 complaints from Shareholders and all were redressed to the satisfaction of the shareholders and no complaint was pending as on 31st of March, 2018.

7. Corporate Social Responsibility Committee

a. Composition, name of the members, and chairperson.

The committee consists of 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 1 meeting on 18th August, 2017.

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	1
Dr.(Mrs.)Kailash Gupta	Member	1	1

8. Other Committees

Securities Allotment Committee

a. Composition, name of the members, and chairperson.

The committee consists of 3 Non executive Directors and 2 Executive Directors. Chairman is Non Executive-Independent Director.

Name of the director	Position
Mr. Anil Kumar Mehta	Chairman
Mr.P.R.Tripathi	Member
Mr. K.Rama Rao	Member
Mr.T.V.Chowdary	Member
Mr.Vikram Mahajan	Member

b. Committee meetings and attendance during the year

During the year the Committee held 4 meetings on 15th May, 2017, 18th May, 2017, 20th May, 2017 and 02nd August, 2017

Name of the director	Position	No. of meetings held	No. of meetings attended
Mr. Anil Kumar Mehta	Chairman	4	4
Mr.P.R.Tripathi	Member	4	4
Mr.K.Rama Rao	Member	4	4
Mr. T.V.Chowdary	Member	4	1
Mr.Vikram Mahajan	Member	4	3

9. General body meetings:

Details of the last three AGMs are as follows:

Year	Date	Venue	Time	No. of special resolutions passed
2014-15	24.09.2015	Surana Udyog Auditorium, FTAPCCI,11-6-841, Red Hills, Hyderabad -500 004	09.30 a.m.	7
2015-16	23.09.2016		10.30 a.m.	3
2016-17	27.09.2017		10.30 a.m	Nil

Details of the EGMs held during the year 2017-18

Date	Venue	Time	No. of special resolutions passed
12.05.2017	Surana Udyog Auditorium, FTAPCCI,11-6-841, Red Hills, Hyderabad -500 004	10.30 a.m.	2
09.06.2017		10.30 a.m.	3

Postal ballot resolutions

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

10. 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

11. General shareholder information

a.	38th AGM, date, time and venue	Date: 27th September, 2018, at Time: 10.30 a.m., Venue: Surana Udyog Auditorium, FTAPCCI,11-6-841, Red Hills, Hyderabad -500 004
b.	Financial Year	April 1, 2017 to March 31, 2018
c	Expected Dividend payment date	13-23 October 2018

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

Name and Address of the Stock Exchange	Stock Code
BSE Limited Phirozejeejeebhoy Towers, Dalal street, Mumbai-400001	526247
National Stock Exchange of India Limited Exchange Plaza, Floor 5, Plot No.C/1, Bandra Kurla Complex, Bandra (East), Mumabi-400051	SYMBOL:PREMEXPLN SERIES: EQ

The listing fees for the year 2017-18 has been paid to the above stock exchanges.

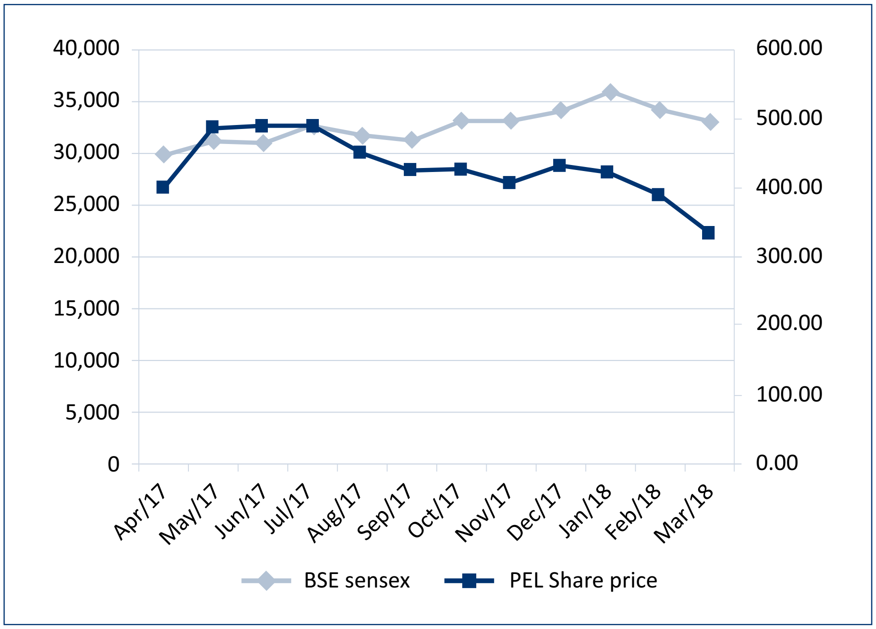
e. Market price Data (BSE) High / Low during each month during the year 2017-18

	High	Low		High	Low
Apr-17	422.30	352.00	Oct-17	484.00	415.00
May-17	510.00	395.80	Nov-17	461.90	394.00
Jun-17	539.35	471.25	Dec-17	455.00	376.35
Jul-17	520.00	486.00	Jan-18	536.25	423.10
Aug-17	490.00	425.10	Feb-18	440.00	382.00
Sep-17	473.00	392.65	Mar-18	390.00	314.10

Market price Data (NSE) High / Low during each month during the year 2017-18

	High	Low		High	Low
Apr-17	423.00	350.00	Oct-17	485.00	410.45
May-17	510.90	394.70	Nov-17	463.45	401.00
Jun-17	539.00	470.00	Dec-17	454.70	373.45
Jul-17	520.00	485.50	Jan-18	537.70	420.10
Aug-17	496.70	422.00	Feb-18	430.00	350.00
Sep-17	475.00	393.10	Mar-18	397.00	314.00

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



b. Distribution of shareholding as on 31.03.2018

DISTRIBUTION SCHEDULE AS ON MARCH 31, 2018					
Sno	**Category**	**No. of Shareholders**	**% of Holding**	**Amount**	**% Amount**
1	upto 1 - 5000	9205	89.73	10270550.00	9.66
2	5001 - 10000	522	5.09	4116830.00	3.87
3	10001 - 20000	262	2.55	3883920.00	3.65
4	20001 - 30000	69	0.67	1718490.00	1.62
5	30001 - 40000	28	0.27	987700.00	0.93
6	40001 - 50000	35	0.34	1601880.00	1.51
7	50001 - 100000	57	0.56	4046680.00	3.80
8	100001 & ABOVE	80	0.78	79745340.00	74.97
	Total:	**10258**	**100.00**	**106371390.00**	**100.00**

c. Dematerialization of shares and liquidity

The ISIN No. of the Company is: INE863B01011. As on 31st of March, 2018 the following number of shares are held in Demat and Physical mode-

Mode of holding	No. of Holders	No. of shares	% to Equity
Physical	941	185479	1.74
Demat	9317	10451660	98.26
Total	**10258**	**10637139**	**100.00**

d. 135,100 Warrants convertible to Equity Shares in the ratio of 1:1 are outstanding as on 31.03.2018. The Warrants were issued on 02nd August, 2017 with an option to convert into equity within 18 months from the date of Issue. Upon full conversion of the 135,100 Warrants, the total paid up Equity Capital would be 1,07,72,239 Equity shares of ₹ 10/- each.

There are no outstanding GDRs/ADRs or any other Convertible instruments as on 31.03.2018.

e. 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.

f. Plant locations

Plant	Location
Detonators, Detonating fuse, Packaged explosives, Research centre for defence products, Solid propellants	Peddakandukur Village, Yadagirigutta Mandal, YadadriBhongir 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

g. 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

h. Registrar to an issue & 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

12. 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 2017-18 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 has 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. The Company has complied with the requirements of the Schedule V-Corporate Governance report sub-paras (2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

J. **Disclosure of the adoption of Discretionary Requirements**.

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

i) The auditors' report on financial statements of the Company are unqualified.

ii) M. Venkata Ratnam & Associates, the internal auditors of the Company, make quarterly presentations to the Audit Committee on their reports.

K. The Company has complied with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 wherever applicable, as on 31st March, 2018.

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 9, 2018.

For and on behalf of the Board

Dr.A.N.Gupta
Chairman & Managing Director

Secunderabad
09.08.2018

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, 2018.

For Premier Explosives Limited

Dr.A.N.Gupta
Chairman & Managing Director

Secunderabad
09.08.2018

Appendix to the report on corporate governance

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

Particulars	Dr.A.N.Gupta	Mr.T.V.Chowdary
Date of birth	14.04.1945	16.08.1957
Date of appointment	20.02.1980	31.08.2005
Qualifications	M.Sc. (Mining & Engineering), D.Sc. (honorary)	B.Sc.Tech (Petroleum)
Expertise in specific function areas	Heading the company, right from its inception, instrumental in its growth, with active involvement in product development and projects of defence supplies. He is a member of Society of Explosives Engineers, U.S.A and was Chairman of Explosives Development Council constituted by the Government of India and Chairman of Explosives Manufacturers Association of India	A chemical engineer with over 36 years of experience in production of explosives and solid propellants.
Directorships held in other companies	1.Pelnext Defence Systems Private Limited 2.BF Premier Energy Systems Pvt. Ltd.	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
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, 2018	25,38,599	26,000
Relationship with other directors	Dr.(Mrs.)Kailiash Gupta is his spouse	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 18, 2017

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, 2018, 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, 2018.

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: 015975S

Kiran Majeti
Partner
Membership number: 220354

Hyderabad
August 09, 2018

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, 2018 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, 2018 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	**Dr. A. N. Gupta**	**C. Subba Rao**
09.08.2018	**Chairman & Managing Director**	**Chief Financial Officer**

ANNEXURE-5

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31-03-2018
FORM NO.MR- 3

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

To
The Members,
Premier Explosives Limited
Secunderabad.

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

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2018 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, 2018 ("Audit Period") according to the provisions of:

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

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

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

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

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

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

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

      c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

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

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

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

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

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. I, further report that

   i. The members of the Company at their meeting held 12th May, 2017 approved the resolution to increase the Authorized Share Capital of the Company from ₹ 10,00,00,000/- (Rupees Ten Crore Only) divided into 1,00,00,000/-(One Crore only) equity shares of ₹ 10/- each to ₹ 15,00,00,000/- (Rupees Fifteen Crore Only) divided into 1,50,00,000 (One Crore Fifty Lakhs Only) equity shares of ₹ 10/- each by creation of additional 50,00,000 (Fifty Lakhs only) Equity shares of ₹ 10/- each ranking *pari passu* with the existing equity shares of the Company

   ii. Pursuant to the member's approval at their Extra ordinary general meeting held on May 12th, 2017 and in accordance with the Provisions of Sections 23, 42, and 62 of the Companies Act, 2013 and rules made there under, read with Chapter VIII of SEBI ICDR Regulations, 2009, the Company has allotted 16, 51,000 Equity Shares of ₹ 10/- each at a price of ₹ 400/- per equity share (Including a premium of ₹ 390/- per share) to Qualified Institutional Buyers ("QIBs") on Qualified Institutions Placement ("**Qualified Institutional Placement**" or "**QIP**") basis

   iii. Pursuant to member's approval at their Extra ordinary general meeting held on June 09th, 2017 and in accordance with the sections 42 and 62 of the Companies Act, 2013 and rules made there under read with SEBI (ICDR) Regulations.2009, the Company has allotted 1,27,564 Equity shares of ₹ 10/- each at a price of ₹ 408/- per Equity share (Including a Premium of ₹ 398/- per share) and 1,35,100 warrants (1 warrant convertible into 1 Equity share of face value of ₹ 10/- each) at a price of ₹ 408/- per warrant (Including a premium of ₹ 398 per warrant) on preferential basis to promoters and Non-Promoters

   iv. the members of the Company at their Extra ordinary general meeting held on June 09th, 2017, approved the resolution under section 180(1)(c) of the Companies Act,2013 authorising the board of directors of the Company to exercise the powers to borrow monies in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Banker(s) in the ordinary course of business, shall not be in excess of ₹ 200 Crores (Rupees Two Hundred Crores only) and also pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, members of the Company accorded their approval to the Board of Directors of the Company to exercise the powers to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, in favour of Banks/financial institutions, in respect of loans taken by the Company up to ₹ 400 (Rupees Four Hundred Crores only).

   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: 09.08.2018

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

‘Annexure A’

To,
The Members
Premier Explosives Limited
Secunderabad

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

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

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

Place: Hyderabad
Date: 09.08.2018

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 (₹ in lakhs)	**2017-18**	2016-17
		Capital	2.26	3.48
		Recurring	85.96	109.46
		Total	**88.22**	**112.94**
		R & D expenditure as % of total revenue	0.32%	0.44%
	b)	Technology absorption, adaptation and innovation		
		1. Efforts	New products were developed	
		2. Benefits	Successfully started commercial production of new products	
		3. Particulars of imported technology in the last five years	No technology imported	
C	**Foreign exchange earnings and outgo (₹ in lakhs)**		**2017-18**	**2016-17**
	Earnings		1759.21	2054.94
	Outgo		3250.35	1872.17

For and on behalf of the Board

Dr. A. N. Gupta
Chairman & Managing Director

Secunderabad
09.08.2018

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
	b)	Nature of contracts/arrangements/transactions	Purchase of GI wire and Payment of rent
	c)	Duration of the contracts / arrangements / transactions	April 2017 –March 2018
	d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of GI wire: ₹ 167.62 lakhs and Payment of rent: ₹ 0.40 lakh
	e)	Date(s) of approval by the Board, if any	Not applicable
	f)	Amount paid as advances, if any	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 ₹ 1656.56 lakhs.

4. **CSR expenditure prescribed for 2017-18**

   Minimum amount to be spent on CSR activities for the year 2017-18 as calculated u/s 135(5) of the Companies Act, 2013, being 2% of the average net profit for last 3 years, is ₹ 33.13 lakhs.

5. **Details of CSR spend for 2017-18**

   a) Total amount spent: ₹ 33.19 lakhs

   b) Amount unspent : NIL

   c) Manner the amount has been spent (₹ in lakhs)

No.	Project / activity	Sector	Location of the project / programme	Budget amount	Amount spent	Cumulative expenditure up to the reporting period	Spent directly by company or through implementation agency
1	Mobile medical unit attending to elderly people	Health care	10 villages in Bhuvangiri Yadadri district, Telangana (nearby the factory)	13.20	13.20	13.20	Through Helpage India
2	Support to financially weak patients for dialysis	Health care	Hyderabad	10.00	10.00	10.00	Through Bhagwan Mahavir Jain Relief Foundation Trust
3	Prevention and treatment of hemophilia	Health care	Puducherry	1.00	1.00	1.00	Through Hemophilia Society Puducherry Chapter
4	Education of blind students	Education	Hyderabad	1.00	1.00	1.00	Through Devnar Foundation for the Blind
5	Stipend to research students	Education	Gulbarga University and Peddakandukuru	2.30	2.30	2.30	Through Gulbarga University
6	Support to schools and merit scholarships	Education	4 villages in Yadagirigutta mandal (nearby the factory)	1.63	1.69	1.69	Directly by company
7	Education of tribal orphan girls	Education	Chinnaburugulaput village, Visakhapatnam district, Andhra Pradesh	1.00	1.00	1.00	Through Tribal Educational and Rural Development Society

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
8	Donation to Army Central Welfare Fund	Benefit of armed forces veterans, war widows and their dependents	India	2.00	2.00	2.00	Through Army Central Welfare Fund
9	Donation to Society for Aged and Women	Women empowerment	Hyderabad	1.00	1.00	1.00	Through Society for Aged and Women
	Total			**33.13**	**33.19**	**33.19**	

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
09.08.2018

P.R. Tripathi
Chairman of the CSR Committee

Kailash Gupta
Director

ANNEXURE-9

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

Particulars	Third calendar year (01.01.2017 to 31.12.2017)	From 01.01.2017 till date of the report
No. of complaints of sexual harassment received during the year	Nil	Nil
No. of complaints of disposed off during the year	Nil	Nil
No. of cases pending for more than 90 days	Nil	Nil
No. of workshops or awareness programmes carried out against sexual harassment	4	2
Nature of action taken by the employer or district officer	NA	NA

ANNEXURE-10

Form no. MGT-9

Extract of the annual return for the year ended 31st March, 2018

[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 Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032

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	12431.51	46.95
	Detonators, Propellants, etc.	318105000	11493.76	43.41
	Services	33190	2206.44	8.33
	Sub total		**26130.71**	**98.69**
Others	Traded items		345.45	1.31
	Total		**26476.16**	**100.00**

III Particulars of holding, subsidiary and associate companies

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

IV Share holding pattern

IV A. Category-wise shareholding

Category of Shareholders			No. of shares held at beginning of the year: Demat	Physical	Total	% of total shares	No. of Shares held at end of the year: Demat	Physical	Total	% of total shares	% of change during the year
A	**Promoters**										
	1	Indian									
	a	Individual/HUF	42,23,074	-	42,23,074	47.67	42,98,094	-	42,98,094	40.41	(7.27)
	b	Central Govt	-	-	-	-	-	-	-	-	-
	c	State Govt	-	-	-	-	-	-	-	-	-
	d	Bodies Corporate	-	-	-	-	-	-	-	-	-
	e	Bank/FI	-	-	-	-	-	-	-	-	-
	f	Others	-	-	-	-	-	-	-	-	-
		Sub total (A)(1)	**42,23,074**	**-**	**42,23,074**	**47.67**	**42,98,094**	**-**	**42,98,094**	**40.41**	**(7.27)**
	2	Foreign									
	a	NRI Individuals	-	-	-	-	-	-	-	-	-
	b	Other Individuals	-	-	-	-	-	-	-	-	-
	c	Bodies corporate	-	-	-	-	-	-	-	-	-
	d	Banks/FI	-	-	-	-	-	-	-	-	-
	e	Others	-	-	-	-	-	-	-	-	-
		Sub total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of promoters (A) = (A)(1) + (A)(2)			**42,23,074**	**-**	**42,23,074**	**47.67**	**42,98,094**	**-**	**42,98,094**	**40.41**	**(7.27)**
B	**Public**										
	1	Institutions									
	a	Mutual funds	5,13,572	1,200	5,14,772	5.81	18,37,690	1,200	18,38,890	17.29	11.48
	b	Banks/FI	4,796	100	4,896	0.06	4,227	-	4,227	0.04	(0.02)
	c	Central govt.	-	-	-	-	-	-	-	-	-
	d	State Govt.	-	-	-	-	-	-	-	-	-
	e	Venture Capital Fund	-	-	-	-	-	-	-	-	-
	f	Insurance Companies	-	-	-	-	-	-	-	-	-
	g	FIIs	18,269	-	18,269	0.21	69,796	-	69,796	0.66	0.45
	h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	e	Others	-	-	-	-	-	-	-	-	-
		Sub total (B)(1)	**5,36,637**	**1,300**	**5,37,937**	**6.07**	**19,11,713**	**1,200**	**19,12,913**	**17.98**	**11.91**
	2.	**Non institutions**									
	a	Bodies corporate	5,11,887	8,901	5,20,788	5.88	6,02,376	6501	6,08,877	5.72	(0.15)
	b	Individuals									
		Individual shareholders holding nominal share capital upto ₹ 1 lakh	19,73,992	2,29,560	22,03,552	24.87	22,30,867	1,77,778	24,08,645	22.64	(2.23)
		Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,57,427	-	8,57,427	9.68	8,54,182	-	8,54,182	8.03	(1.65)

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	
c	Others									
	NRI's	4,09,376	-	4,09,376	4.62	3,70,848	-	3,70,848	3.49	(1.13)
	NRI-Non Repatriation	36,331	-	36,331	0.41	41,845	-	41,845	0.39	(0.02)
	Clearing Members	21,822	-	21,822	0.25	11,130	-	11,130	0.10	(0.14)
	Trusts	-	-	-	-	-	-	-	-	-
	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	IEPF	-	-	-	-	46,902	-	46,902	0.44	0.44
	NBFC	48,268	-	48,268	0.54	83,703	-	83,703	0.79	0.24
Sub total (B)(2)		38,59,103	2,38,461	40,97,564	46.26	42,41,853	1,84,279	44,26,132	41.61	**(4.65)**
Total public shareholding (B) = (B)(1) + (B)(2)		43,95,740	2,39,761	46,35,501	52.33	61,53,566	1,85,479	63,39,045	59.59	**7.27**
Total (A+B)		86,18,814	239761	88,58,575	100.00	1,04,51,660	1,85,479	1,06,37,139	100.00	**0.00**
Shares held by custodians for GDR's & ADR's		-	-	-	-	-	-	-	-	-
		8,61,88,14	**2,39,761**	**88,58,575**	**100.00**	**1,04,51,660**	**1,85,479**	**1,06,37,139**	**100.00**	-

IV B. Shareholding of promoters

	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to the total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to the total shares	
1	Amarnath Gupta	24,88,579	28.09	-	25,38,599	23.87	-	(4.22)
2	Amarnath Gupta (HUF)	6,56,697	7.41	-	6,56,697	6.17	-	(1.24)
3	Kailash Gupta	10,77,798	12.17	-	11,02,798	10.37	-	(1.80)
	Total	42,23,074	47.67	-	42,98,094	40.41	-	(7.26)

IV C. Change in promoters' shareholding

No.	Name of the promoter	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
1	Amarnath Gupta	24,88,579	28.09	02.08.2017	50,020	Allotment	25,38,599	23.87
2	Amarnath Gupta(HUF)	6,56,697	7.41	-	-	-	6,56,697	6.17
3	Kailash Gupta	10,77,798	12.17	02.08.2017	25,000	Allotment	11,02,798	10.37

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	-	-	20.05.2017	8,25,000	Allotment	8,25,000	7.76
2	Atim Kabra	4,06,291	4.59	05.05.2017	6000	Sale	4,00,291	4.52
				12.05.2017	25,700	Sale	3,74,591	4.23
				19.05.2017	4,728	Sale	3,69,863	4.18
				02.06.2017	2000	Sale	3,67,863	3.46
3	Sundaram Alternative Opportunities Fund-Nano Cap Series I	-	-	20.05.2017	3,43,500	Allotment	3,43,500	3.27
				08.09.2017	25,500	Buy	3,69,000	3.47
				26.01.2018	18,000	Buy	3,87,000	3.64
4.	Sundaram Mutual Fund A/C Sundaram Select Microcap	3,18,172	3.59	07.04.2017	12,001	Buy	3,30,173	3.73
				14.04.2017	13,166	Buy	3,43,339	3.88
				19.05.2017	57,968	Sale	2,85,371	3.22
				20.05.2017	2,09,000	Allotment	4,94,371	4.70
				02.06.2017	25,589	Sale	4,68,782	4.46
				09.06.2017	25,500	Buy	4,94,282	4.70
				14.07.2017	2,000	Sale	4,92,282	4.68
				28.07.2017	6,647	Buy	4,98,929	4.75
				28.07.2017	6,647	Sale	4,92,282	4.68
				08.09.2017	49,419	Buy	5,41,701	5.09
				03.11.2017	12,900	Buy	5,54,601	5.21
				03.11.2017	12,900	Sale	5,41,701	5.09
				26.01.2018	25,985	Buy	5,67,686	5.34
				26.01.2018	51,833	Sale	5,15,853	4.85
				02.02.2018	40,802	Buy	5,56,655	5.23
				02.02.2018	40,802	Sale	5,15,853	4.85
				23.02.2018	883	Sale	5,14,970	4.84
				02.03.2018	4,376	Sale	5,10,594	4.80
				16.03.2018	10,000	Sale	5,00,594	4.71
				30.03.2018	33,396	Buy	5,33,990	5.02
				30.03.2018	33,545	Sale	5,00,445	4.70
5	L& T Mutual Fund Trustee Limited-L & T Business Cycle	1,95,400	2.21	23.06.2017	14,737	Sale	1,80,663	1.72
				01.09.2017	50,000	Sale	1,30,663	1.23
				22.09.2017	21,674	Sale	1,08,989	1.02
				13.10.2017	6,617	Sale	1,02,372	0.96
				20.10.2017	192	Sale	1,02,180	0.96
				27.10.2017	31,514	Sale	70,666	0.66
				31.10.2017	4,710	Sale	65,956	0.62
				03.11.2017	34,717	Sale	31,239	0.29
				10.11.2017	3,419	Sale	27,820	0.26
				01.12.2017	4,236	Sale	23,584	0.22
				08.12.2017	8,969	Sale	14,615	0.14
				15.12.2017	14,615	Sale	-	0.00
6	Sundaram Alternative Opportunities Fund-Nano Cap Series II	-	-	20.05.2017	93,500	Allotment	93,500	0.89
				08.09.2017	24,745	Buy	1,18,245	1.11
				26.01.2018	7,000	Buy	1,25,245	1.18
7	Gandhi Securities & Investment Private Limited	1,24,500	1.41	17.11.2017	1000	Buy	1,25,500	1.18
				08.12.2017	847	Buy	1,26,347	1.19
				16.03.2018	10,271	Buy	1,36,618	1.28
				23.03.2018	850	Buy	1,37,468	1.29
				30.03.2018	6,000	Buy	1,43,468	1.35
8	Wallfort Financial Services Limited	100,000	1.13				100,000	0.94
9	Shaktiprakash Kailwoo	94,180	1.06	21.04.2017	600	Buy	94,780	1.07
				15.12.2017	314	Buy	95,094	0.89
10	Mamta Agarwal	75,000	0.85	-	-	-	75,000	0.71

IV E. Shareholding of directors and key managerial personnel

No.	Director / KMP	Shareholding at the beginning of the year		Date wise increase / (decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer, etc.)			Cumulative shareholding till end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	Nature	No. of shares	% of total shares of the company
	Directors							
1	Amarnath Gupta	24,88,579	28.09	02.08.2017	50,020	Allotment	25,38,599	23.87
2	Kailash Gupta	10,77,798	12.17	02.08.2017	25,000	Allotment	11,02,798	10.37
3	T.V.Chowdary	26,000	0.29	-	-	-	26,000	0.24
4	Vikram Mahajan (Ceased to be director w.e.f 01.12.2017)	26,463	0.30	-	-	-	26,463	0.25
5	AnilKumar Mehta	3,000	0.03	-	-	-	3,000	0.03
6	P.R.Tripathi	-	-	-	-	-	-	-
7	A.Venkataraman	-	-	-	-	-	-	-
8	K.Rama Rao	-	-	-	-	-	-	-
9	P.R.Kumar	-	-	-	-	-	-	-
	KMP							
10	C. Subba Rao (CFO)	2,000	0.02	-	-	-	2,000	0.02
11	K.Vijayashree (Company Secretary)	-	-	-	-	-	-	-

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

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	**Total Indebtedness**
At beginning of the financial year				
i) Principal Amount	3302.29	533.25	-	3835.64
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9.86	76.83	-	86.69
Total (i + ii + iii)	**3312.25**	**610.08**	**-**	**3922.33**
Change during the financial year				
Addition	1830.27	305.10	-	2135.37
(Reduction)	(1071.77)	(371.61)	-	(1443.38)
Net Change	**758.50**	**(66.51)**	**-**	**691.99**
At end of the financial year				
i) Principal Amount	4061.82	493.75	-	4555.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.93	49.82	-	58.75
Total (i +ii + iii)	**4070.75**	**543.57**	**-**	**4614.32**

VI Remuneration of directors and key managerial personnel

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

No.	Remuneration	A.N. Gupta (CMD)	T.V. Chowdary (DMD)	Vikram Mahajan* (Director Marketing)	Total
1	**Gross salary**				
	Salary u/s 17(1)	179.15	53.47	23.51	**256.13**
	Perquisites u/s 17(2)	1.00	3.80	1.39	**6.19**
	Profits in lieu of salary u/s 17(3)	-	-	-	-
2	**Stock option**	-	-	-	-
3	**Sweat equity**	-	-	-	-
4	**Commission**				
	as % of profit	13.05	7.77	5.19	**26.01**
	others	-	-	-	-
5	**Others**				-
	Provident fund	15.33	4.55	1.67	**21.55**
	Total	**208.53**	**69.59**	**31.76**	**309.88**
	Recovery towards excess remuneration for 2015-17	(44.92)	-	-	**(44.92)**
	Net	**163.61**	**69.59**	**31.76**	**264.96**
	Ceiling as per the Act				**309.88**

** till November 30, 2017*

B. Remuneration to other directors (₹ 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	3.40	1.70	1.10	2.00	1.00	-	**9.20**
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (1)	**3.40**	**1.70**	**1.10**	**2.00**	**1.00**	**-**	**9.20**
2	**Other non-executive directors**							
	Fee for attending Board / Committee meetings	-	-	-	-	-	2.50	**2.50**
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**2.50**	**2.50**
Total (1+2)		**3.40**	**1.70**	**1.10**	**2.00**	**1.00**	**2.50**	**11.70**

Total managerial remuneration: ₹ 321.58 lakhs;
Overall ceiling as per the Act: ₹ 321.58 lakhs.

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

No.	Remuneration	C. Subba Rao CFO	K.Vijayashree Company Secretary	Total
1	**Gross salary as per provisions of the Income Tax Act, 1961**			
	a) Salary u/s 17(1)	34.51	9.69	**44.20**
	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	**34.51**	**9.69**	**44.20**

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 (₹ in lakhs)		Increase / (decrease) (₹ in lakhs)	Increase / (decrease) %	Ratio to median remuneration of employees
			2017-18	2016-17			
1	A.N. Gupta	CMD	208.53	217.40	(8.87)	-4.08%	69.74
2	T.V. Chowdary	Deputy Managing Director	69.59	73.32	(3.73)	-5.09%	23.27
3	Vikram Mahajan (till Nov 30, 2017)	Director - Marketing	31.76*	43.26	*	*	*
4	C. Subba Rao	CFO (KMP)	34.51	34.46	0.05	-	11.54
5	K. Vijayasree	CS (KMP)	9.69	7.91	1.78	22.50%	3.24

** Current year remuneration is for part of the year; not comparable.*

2. Median remuneration of the employees was ₹ 2.99 lakhs during the 2017-18 and ₹ 2.75 lakhs during 2016-17.
3. Median remuneration of employees during 2017-18 has increased by 9% compared to 2016-17.
4. Number of permanent employees on the rolls of the company as on 31.03.2018 was 1,130 (1,163 as on 31.03.2017).
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 2017-18

No.	Employee name	Designation	Remuneration (₹ 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	208.53	Contractual	M.Sc., D.Sc., 14-Feb-80 51 years 14-Apr-45 73 years	I.E.L. Limited, Area Sales Manager	24,88,579 28.09%	Dr. (Mrs.) Kailash Gupta is his wife
2	T.V.Chowdary	Deputy Managing Director	69.59	Contractual	B.Sc. (Tech) & (Petroleum) 25-May-89 36 years 16-Aug-57 61 years	STP Limited Production Manager	26,000 0.29%	None
3	Vikram Mahajan (till Nov 30, 2017)	Director Marketing	31.76	Contractual	M.Tech., MBA 25-May-12 37 years 14-Feb-60 58 years	Indocopters Pvt Ltd Sr Vice President	26,463 0.30%	None

No.	Employee name	Designation	Remuneration (₹ 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	C.Subba Rao	CFO	34.51	Permanent	FCA 26-Feb-10 30 years 10-Apr-61 57 years	GMR Foundation Head of Finance	2,000 0.02%	None
5	R P Sharma	Vice President	26.38	Permanent	M.Sc.(Org.Chem) 01-Jun-16 26 years 09-Oct-69 49 years	Solar Industries Ltd DGM	-	None
6	Y.Durga Prasada Rao	President	25.00	Permanent	B.E. Mechanical 01-Jul-89 33 years 20-May-63 55 years	Rohini Refractories Ltd Mechanical Engineer	-	None
7	Y. Krishna Rao	Vice President	24.11	Permanent	M.Com. 03-Sep-86 37 years 17-Jun-50 68 years	A.P.Rayons Ltd Accounts Officer	100 -%	None
8	Shailendra Pathak	Vice President	20.49	Permanent	B.Tech, MBA, PGDPM(HR&IR) 01-Oct-16 31 years 24-Feb-67 51 years	TRC Wall Pak Ltd Plant Head	-	None
9	Surya Chandra Prakash	General Manager	19.93	Permanent	AIME (Chemical Engineering) 24-Jan-2012 23 years 24-Jan-67 51 years	ISRO-SHAR Quality Engineer	-	None
10	Indraneel Deb	General Manager	19.46	Permanent	M.Tech, (Aerospace), Armed Forces Programme (IIM) 2-Feb-16 26 years 06-Sep-69 49 years	Reliance Defence & Engineering Ltd DGM (Guns & Missiles)	-	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 Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **PREMIER EXPLOSIVES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income/loss, its cash flows and the changes in equity for the year ended on that date.

Other Matters

a) The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated May 27, 2017 and May 24, 2016 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

   Our opinion on the standalone Ind AS financial statements is not modified in respect of this matter.

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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 Ind AS financial statements; (Refer Note No.35 to the Standalone Ind AS Financial Statements).

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2018.

   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, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the '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

Place: Hyderabad
Date: May 23, 2018

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, 2018 in conjunction with our audit of the standalone Ind AS (retain as applicable) financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". 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, 2018, 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

Place: Hyderabad
Date: May 23, 2018

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 except situation, of fixed assets.

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

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

ii. The physical verification of inventory 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 and have been appropriately dealt with in the books of accounts.

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. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the investments made by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186.

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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service tax, cess and other material statutory dues, as applicable, 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 service-tax, duty of customs, duty of excise, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, value added tax as at March 31, 2018 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	Sales Tax	151.31	2007-08	Honourable High Court of Andhra Pradesh and Telangana
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	424.52	2009-10 to 2015-16	Honourable High Court of Judicature at Madras
Income Tax Act, 1961	Income tax	36.74	2013-14	The Deputy Commissioner of Income Tax, Circle-16(2), Hyderabad
Telangana Value Added Tax Act, 2005	Value Added Tax	11.83	2015-16 and 2016-17	Asst. Commissioner (CT), Audit, Begumpet Division, Hyderabad

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government 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 under Indian Accounting Standard (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has made a preferential allotment and private placement 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	Amount utilized for the purpose of its raise	Un-utilized balance as at Balance sheet date
QIP and Preferential issue	Business Expansion & Working capital utilisation	7,273.26	4,462.04	2,811.22

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

Place: Hyderabad
Date: May 23, 2018

BALANCE SHEET
as at March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	ASSETS				
I	**Non-current assets**				
	(a) Property, plant and equipment	3	9,986.73	9,898.05	9,512.70
	(b) Capital work-in-progress	3	1,579.17	368.96	241.82
	(c) Investment property	4	8.02	8.02	-
	(d) Intangible assets	5	2.81	4.44	2.94
	(e) Financial assets				
	(i) Investments	6	531.00	526.00	525.00
	(ii) Trade receivables	10	34.78	32.98	37.22
	(iii) Other financial assets	7	66.93	62.15	57.23
	(f) Other non-current assets	8	628.49	535.09	433.89
	Total non-current assets		**12,837.93**	**11,435.69**	**10,810.80**
II	**Current assets**				
	(a) Inventories	9	3,567.35	3,350.70	2,232.61
	(b) Financial assets				
	(i) Trade receivables	10	9,717.56	5,580.06	4,106.33
	(ii) Cash and cash equivalents	11	230.46	110.08	367.10
	(iii) Bank balances other than (ii) above	12	3,649.00	415.32	308.15
	(c) Other current assets	8	615.40	883.09	583.99
	Total current assets		**17,779.77**	**10,339.25**	**7,598.18**
	TOTAL ASSETS		**30,617.70**	**21,774.94**	**18,408.98**
	EQUITY AND LIABILITIES				
III	**Equity**				
	(a) Equity share capital	13	1,063.71	885.86	885.86
	(b) Other equity		18,761.91	11,488.34	10,009.16
	Total equity		**19,825.62**	**12,374.20**	**10,895.02**
	Liabilities				
IV	**Non-current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	14	780.46	646.40	31.85
	(ii) Other financial liabilities	15	38.30	48.35	73.35
	(b) Provisions	16	269.38	312.78	233.66
	(c) Deferred tax liabilities(net)	17	1,354.17	1,421.93	1,498.29
	Total non-current liabilities		**2,442.31**	**2,429.46**	**1,837.15**
V	**Current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	14	3,506.24	3,163.76	2,177.36
	(ii) Trade payables:				
	- dues to micro and small enterprises(refer note: 37)		21.24	17.31	17.31
	- dues to others		2,242.69	1,459.70	1,574.79
	(iii) Other financial liabilities	15	1,343.41	1,206.82	818.03
	(b) Other current liabilities	18	737.23	577.03	840.47
	(c) Provisions	16	189.84	71.34	33.27
	(d) Current tax liabilities(net)	19	309.12	475.32	215.58
	Total current liabilities		**8,349.77**	**6,971.28**	**5,676.81**
	Total liabilities		**10,792.08**	**9,400.74**	**7,513.96**
	TOTAL EQUITY AND LIABILITIES		**30,617.70**	**21,774.94**	**18,408.98**

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

Kiran Kumar Majeti
Partner
Membership number: 220354

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
	Continuing operations			
I	Revenue from operations	20	27,130.21	25,314.01
II	Other income	21	220.49	66.82
III	**Total revenue (I+II)**		**27,350.70**	**25,380.83**
IV	Expenses			
	Cost of raw materials consumed	22	15,344.77	12,626.96
	Purchases of stock in trade		315.79	108.84
	Changes in inventories of finished goods, work-in-progress and scrap	23	140.27	(556.02)
	Excise duty		539.36	2,284.25
	Employee benefits expense	24	5,336.60	4,950.81
	Finance costs	25	514.84	427.36
	Depreciation and amortisation expense	26	363.35	334.83
	Research and development expenses	27	85.96	109.46
	Other expenses	28	3,365.82	2,892.03
	Total expenses (IV)		**26,006.76**	**23,178.52**
V	**Profit before tax from continuing operations (III-IV)**		**1,343.94**	**2,202.31**
VI	Income tax expense			
	Current tax	29	538.30	788.00
	Deferred tax	29	(67.77)	(76.36)
	Total tax expense		**470.53**	**711.64**
VII	**Profit from continuing operations (V-VI)**		**873.41**	**1,490.67**
	Discontinued operations			
VIII	**Profit from discontinued operations**	**34**		
	(a) Profit from discontinued operations before tax		-	19.76
	(b) Gain on disposal of discontinued operations		-	58.15
	(c) Tax expenses on discontinued operations		-	(22.44)
	Profit from discontinued operations (VIII)		**-**	**55.47**
IX	**Profit for the year (VII+VIII)**		**873.41**	**1,546.14**
X	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of defined benefit plan		(121.06)	(102.40)
	Income tax relating to above		42.30	35.44
	Other Comprehensive Income after tax for the year		**(78.76)**	**(66.96)**
XI	**Total comprehensive income for the year (IX+X)**		**794.65**	**1,479.18**
XII	**Earnings per share (par value of ₹ 10 each)**	41		
	From continuing operations			
	Basic		8.42	16.83
	Diluted		8.42	16.83
	From discontinued operations			
	Basic		-	0.63
	Diluted		-	0.63
	From continuing & discontinued operations			
	Basic		8.42	17.46
	Diluted		8.42	17.46

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

Kiran Kumar Majeti
Partner
Membership number: 220354

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

CASH FLOW STATEMENT
for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities**		
	Profit before income tax		
	Continuing operations	1,343.94	2,202.31
	Discontinued operations	-	77.91
	Adjustments for:		
	Depreciation and amortisation expense	363.35	346.42
	Unrealised foreign exchange loss /(gain) (net)	2.51	(39.57)
	Expected credit loss	191.47	12.74
	Interest income	(203.08)	(32.51)
	Finance costs	342.23	283.59
	Remeasurements of defined benefit plan	(121.06)	(102.40)
	Provision for liabilities no longer required, written back	(14.68)	(1.54)
	Loss / (profit) on sale of Property, plant and equipment	1.87	(0.43)
	Gain on disposal of discontinued operation		(58.15)
	Book deficit on assets discarded	0.32	3.30
	Operating profit before working capital changes	**1,906.87**	**2,691.67**
	Adjustments for:		
	Trade receivables and other assets	(4,224.53)	(1,734.23)
	Inventories	(216.65)	(1,118.09)
	Trade payables, other liabilities and provisions	893.19	59.61
	Cash generated from operating activities	**(1,641.12)**	**(101.04)**
	Income taxes paid	671.05	536.80
	Net cash generated from operating activities (A)	**(2,312.17)**	**(637.84)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(1,574.77)	(1,164.04)
	Investment in subsidiary	-	(476.00)
	Redemption of preference shares	-	475.00
	Investment in Joint venture	(5.00)	-
	Proceeds from disposal of property, plant and equipment	19.36	271.50
	Investments in bank deposits (having original maturity of more than three months) (net)	(3,099.85)	(101.15)
	Interest received	82.12	23.35
	Net cash (outflow) from investing activities (B)	**(4,578.14)**	**(971.34)**

Cash flow statement for the year ended March 31, 2018 (Continued)

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
C	**Cash flows from financing activities**		
	Proceeds / (Repayment) from non-current borrowings (net)	377.45	558.42
	Proceeds / (Repayment) from current borrowings (net)	337.96	1,032.00
	Finance costs	(361.32)	(228.37)
	Dividend and dividend tax paid	(384.08)	(8.67)
	Proceeds from issue of share warrants	148.80	-
	Proceeds from issue of shares including securities premium		
	- to promoters and promoters group (Preferential allotment)	515.23	-
	- to others (Qualified institutional placement)	6,376.82	-
	Net cash inflow from financing activities (C)	**7,010.86**	**1,353.38**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	120.55	(255.80)
	Exchange difference on translation of foreign currency cash and cash equivalents	(0.17)	(1.22)
	Cash and cash equivalents at the beginning of the year	110.08	367.10
E	**Cash and cash equivalents at end of the year**	**230.46**	**110.08**

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.
4. Amendment to Ind AS 7

   Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on 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

Kiran Kumar Majeti
Partner
Membership number: 220354

C.Subba Rao
Chief Financial Officer

K.Vijayashree
Company Secretary

Dr. A.N.Gupta
Chairman and Managing Director

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31,2018

(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, 2016		88,58,575	885.86
	Changes in equity share capital		-	-
	As at March 31, 2017		**88,58,575**	**885.86**
	Changes in equity share capital		17,78,564	177.85
	As at March 31, 2018	**13**	**1,06,37,139**	**1,063.71**

B Other equity

	Reserves & surplus				Money received against share warrants	Other comprehensive income	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings			
Balance as at April 1, 2016	**0.13**	**551.78**	**1,500.00**	**7,957.25**	**-**	**-**	**10,009.16**
Profit for the year	-	-	-	1,546.14	-	-	1,546.14
Transferred to general reserve	-	-	200.00	(200.00)	-	-	-
Remeasurements of defined benefit plan	-	-	-	-	-	(66.96)	(66.96)
	-	**-**	**200.00**	**1,346.14**	**-**	**(66.96)**	**1,479.18**
Balance as at March 31, 2017	**0.13**	**551.78**	**1,700.00**	**9,303.39**	**-**	**(66.96)**	**11,488.34**
Balance as at April 1, 2017	**0.13**	**551.78**	**1,700.00**	**9,303.39**	**-**	**(66.96)**	**11,488.34**
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:							
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 of shares through 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**

The accompanying notes are an integral part of the financial statements

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 which will not be available for declaration of dividend as per Companies (Declaration and payment of Dividend) Rules, 2014.

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

Kiran Kumar Majeti
Partner
Membership number: 220354

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

NOTES TO FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

1 Background

1.1 Premier Explosives Limited (PEL), (the 'company') is a public limited company incorporated 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.

1.2 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.

1.3 The financial statements are approved for issue by the Company's Board of Directors on May 23, 2018.

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.

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.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer note 33 for an explanation of how the transition from previous GAAP to Ind AS was carried out in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards with the date of transition as April 1, 2016 and its effects on the company's financial position, financial performance and cash flows.

2.1 Basis of preparation of financial statements

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. The financial statements are presented in Indian Rupees (INR). All amounts have been rounded off to the nearest lakhs with two decimal places, unless otherwise indicated.

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.

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.

Deferred tax assets and liabilities are classified as non current only. All other assets and 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.

(All amounts in INR lakhs, unless otherwise stated)

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 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) 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, 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 Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with Ind AS requires management of the Company to make estimates and assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Following are 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 defined benefit obligation [refer note: 24 (a)(ii)]
- Estimation of expected credit loss on financial assets [refer note: 10(b)]

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below.

Sale of goods

Timing of recognition & measurement:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer as per the terms of the contracts, usually on delivery of the goods and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts, volume rebates and powder factor deductions.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Sale of services

Timing of recognition & measurement:

Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives and discounts based on the terms of the contract and applicable indirect taxes.

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 from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

2.6 Property, plant and equipment

Recognition and measurement

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Items such as spares are capitalised when they meet the definition of property, plant and equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Likewise, expenditure towards major inspections and overhauls are identified as a separate component and depreciated over the period till the expected next overhaul.

Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance / life. All other expenses on existing property, plant and equipment, including day-today repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Derecognition

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.

Depreciation expense

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

Transition to Ind AS

On transition to Ind AS, the Company has elected the option of fair value as deemed cost for Land, as on the date of transition. All other items of property, plant and equipment use the carrying value measured as per the previous GAAP as the deemed cost as at April 1, 2016.

2.7 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

These assets are amortised over a period of 3 years, which is based on their estimated useful life. The estimated useful life and amortization 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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

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:

a) 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.

b) At fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payment of principal and interest on the principal amount outstanding and selling financial assets.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

c) **At fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

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. 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).

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 weighted average basis, and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished products in which these will be incorporated are expected to be sold at or above cost.

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

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(iii) Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition.

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.

Scarp is valued at net realisable value. Obsolete, defective and unserviceable inventories are duly provided for.

2.13 Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the applicable tax laws.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax after the tax holiday period.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in interest expenses.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax asset on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of assets or liabilities in the balance sheet.

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 recognize 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 of 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 and;

(b) Defined contribution plans such as provident fund.

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. Proposed dividend is recognised as a liability in the period in which it is declared by the Company, usually when approved by shareholders in a general meeting or paid.

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 period.

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 Recent accounting pronouncements

a) Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition

- Retrospective approach - under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Cumulative catch-up approach - under this approach the standard will be applied retrospectively with cumulative effect of initially applying the standard

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The company will adopt the standard from April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. No material effect is expected on adoption of this standard.

b) Ind AS 21-The effect of changes in exchange rates

On 28 March, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018 and no material effect is expected on adoption of this standard.

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: Plant and machinery	Plant and Machinery: Research and development equipment	Furniture, fittings and equipment	Vehicles	Data processing equipment	Leasehold land	Total property, plant and equipment	Capital work-in-progress
Year ended March 31, 2017										
Gross carrying amount										
Deemed cost as at April 1, 2016	6,001.41	1,527.17	3,889.93	136.61	137.29	123.76	63.33	20.79	11,900.29	241.82
Additions	11.67	230.43	603.22	3.48	29.76	68.51	5.54	2.00	954.61	127.14
Reclassification as Investment property	(8.02)	-	-	-	-	-	-	-	(8.02)	-
Disposals	(3.00)	-	(434.68)	-	(0.61)	(33.47)	(9.06)	-	(480.82)	-
Closing gross carrying amount as at March 31, 2017	6,002.06	1,757.60	4,058.47	140.09	166.44	158.80	59.81	22.79	12,366.06	368.96
Accumulated depreciation										
Opening accumulated depreciation	-	424.23	1,710.10	58.42	83.59	57.36	53.40	0.49	2,387.59	-
Depreciation charge for discontinued operation	-	-	11.59	-	-	-	-	-	11.59	-
Depreciation charge during the year	-	60.95	230.01	9.64	14.42	14.26	3.95	0.20	333.43	-
Disposals	-	-	(238.52)	-	(0.59)	(16.85)	(8.64)	-	(264.60)	-
Closing accumulated depreciation as at March 31, 2017	-	485.18	1,713.18	68.06	97.42	54.77	48.71	0.69	2,468.01	-
Net carrying amount as at March 31, 2017	**6,002.06**	**1,272.42**	**2,345.29**	**72.03**	**69.02**	**104.03**	**11.10**	**22.10**	**9,898.05**	**368.96**
Net carrying amount as at April 01, 2016	6,001.41	1,102.94	2,179.83	78.19	53.70	66.40	9.93	20.30	9,512.70	241.82
Year ended March 31, 2018										
Gross carrying amount										
Opening gross carrying amount	6,002.06	1,757.60	4,058.47	140.09	166.44	158.80	59.81	22.79	12,366.06	368.96
Additions	41.81	183.52	196.65	2.26	9.21	9.63	3.98	24.89	471.95	1,210.21
Disposals	-	-	(20.80)	-	(0.58)	(9.19)	-	-	(30.57)	-
Closing gross carrying amount as at March 31, 2018	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
Accumulated depreciation										
Opening accumulated depreciation	-	485.18	1,713.18	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 as at March 31, 2018	-	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**

Notes:

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

2) Refer note 42 for information on property, plant and equipment provided as security by the company.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 4: Investment property

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening balance	8.02	-	-
Transferred from property, plant and equipment	-	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 (Sales Comparable Approach Level 2) as at April 1, 2016 is ₹ 250.24 lakhs. There is no material change in the fair value.

Note 5: Intangible assets (acquired)

	Software
Year ended 31 March 2017	
Gross carrying amount	
Deemed cost as at April 1, 2016	29.13
Additions	2.90
Closing gross carrying amount as at March 31, 2017	**32.03**
Accumulated amortisation	
Opening accumulated amortisation as at April 1, 2016	26.19
Amortisation charge during the year	1.40
Closing accumulated amortisation as at March 31, 2017	**27.59**
Closing net carrying amount as at March 31, 2017	**4.44**
Closing net carrying amount as at April 1, 2016	2.94
Year ended 31 March 2018	
Gross carrying amount	
Opening Gross carrying amount as at April 1, 2017	32.03
Additions	-
Closing gross carrying amount as at March 31, 2018	**32.03**
Accumulated amortisation	
Opening accumulated amortisation as at April 1, 2017	27.59
Amortisation charge during the year	1.63
Closing accumulated depreciation as at March 31, 2018	**29.22**
Closing carrying amount as at March 31, 2018	**2.81**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 6: Non-current investments

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Un quoted, fully paid up)			
Investment in equity instruments in subsidiary companies (at cost)			
Premier Wire Products Limited 52,00,000 (March 31, 2017: 52,00,000, April 1, 2016: Nil) equity shares of ₹ 10/- each, fully paid	520.00	520.00	-
PELNEXT Defence Systems Private Limited 10,000 (March 31, 2017:10,000, April 1, 2016 :Nil) equity shares of ₹ 10/- each fully paid	1.00	1.00	-
Investment in equity instruments in Associate companies (at cost)			
Premier Wire Products Limited Nil (March 31, 2017: Nil, April 1, 2016: 4,50,000) equity shares of ₹ 10/- each, fully paid	-	-	45.00
Investment in equity instruments in Joint Venture (at cost)			
BF Premier Energy Systems Private Limited 1,00,000 (March 31, 2017: 50,000, April 1, 2016: 50,000) equity shares of ₹ 10/- each, fully paid	10.00	5.00	5.00
Total Equity instruments (Un quoted, fully paid up)	**531.00**	**526.00**	**50.00**
Investment in preference shares			
Premier Wire Products Limited 47,50,000 11% redeemable Preference shares of ₹ 10/- each fully paid	-	-	475.00
Total Preference shares (Un quoted, fully paid up)			**475.00**
Total Non-current investments	**531.00**	**526.00**	**525.00**
Aggregate amount of unquoted investments	531.00	526.00	525.00
Aggregate amount of impairment in the value of investments	-	-	-

Note 7: Other financial assets

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Bank deposits with more than 12 months maturity	66.93	62.15	57.23
Total other financial assets	**66.93**	**62.15**	**57.23**

Note 8 : Other assets

(i) Non current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances (refer note 36)	264.26	321.96	166.81
Advances other than capital advances:			
Security deposits	187.60	114.98	166.82
Pre-paid expenses	160.70	81.98	80.87
Advance taxes (net of provisions)	15.93	15.93	16.89
Advances to employees	-	0.24	2.50
Total other non-current assets	**628.49**	**535.09**	**433.89**

(ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with government authorities	-	175.54	135.92
Prepaid expenses	158.44	138.27	124.68
Advances to suppliers	172.54	231.21	240.03
Other receivable*	67.60	58.71	49.91
Unbilled revenue	216.82	279.36	33.45
Total other non-current assets	**615.40**	**883.09**	**583.99**

* Other receivable mainly consist of export incentive receivable

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	1,885.01	1,563.74	1,170.93
Work-in-progress	700.56	827.24	351.68
Finished goods	242.11	260.36	175.83
Stores and spares	730.84	695.19	525.93
Scrap	8.83	4.17	8.24
Total inventories	**3,567.35**	**3,350.70**	**2,232.61**
The above includes raw materials in transit	56.25	43.38	17.94

Note 9 (a): Inventories are hypothecated as security against working capital loans. (refer note:42)

Note 10: Trade receivables

(i) Non-current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Trade receivables	34.79	32.99	37.23
Less: Provision for expected credit loss [refer note: 31(A)]	0.01	0.01	0.01
Total non-current trade receivables	**34.78**	**32.98**	**37.22**

(ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Trade receivables	10,052.68	5,723.71	4,237.24
Less: Provision for expected credit loss [refer note: 31(A)]	335.12	143.65	130.91
Total trade receivables	**9,717.56**	**5,580.06**	**4,106.33**

Note 10(a): Trade receivables are hypothecated with banks as security against working capital loans. (refer note: 42)

Note 11: Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks			
in Current accounts	32.59	20.54	24.66
in EEFC accounts	192.25	88.35	335.95
Cash on hand	5.62	1.19	6.49
Total cash and cash equivalents	**230.46**	**110.08**	**367.10**

Note 12: Bank balances other than cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Earmarked balances with bank*	24.41	21.20	20.38
Deposits with original maturity over 3 months but less than 12 months	2,801.62	2.85	-
Margin money deposits with Banks	822.97	391.27	287.77
Total Bank balances other than cash and cash equivalents	**3,649.00**	**415.32**	**308.15**

* Earmarked balances represent unpaid dividend.

Note 12 (a): Margin money deposits include ₹ 673.80 lakhs (March 31, 2017: ₹ 375.59 lakhs; April 1, 2016: ₹ 277.29 lakhs) pledged / lien against bank guarantees issued by the banks. (refer note: 37)

Notes to 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 1, 2016	1,00,00,000	1,000.00
Change during the year	-	-
As at March 31, 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**

Issued, subscribed and paid up	Number of shares	Amount
As at April 1, 2016	88,58,575	885.86
Change during the year	-	-
As at March 31, 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**

Issue of shares by way of QIP

During the year the company has allotted 16,51,000 equity shares of ₹ 10 each at ₹ 400 per share, including a premium of ₹ 390 per share by way of Qualified Institutional Placement (QIP) through private placement by complying with section 42 read with rule 14(1) of the Companies Act, 2013 and other relevant provisions specified by the SEBI. Thus the equity share capital has increased by ₹ 165.10 lakhs and securities premium by ₹ 6438.90 lakhs.

Preferential allotment

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

Issue expenses

Issue expenses incurred towards issue of above equity shares amounting ₹ 232.39 lakhs has been netted off from the securities premium account as these expenses are directly attributable to the issue of shares.

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, 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%
March 31, 2017				
Number of shares	24,88,579	10,77,798	6,56,697	-
% holding	28.09%	12.17%	7.41%	0.00%
April 1, 2016				
Number of shares	24,79,039	10,67,277	6,56,697	-
% holding	27.98%	12.05%	7.41%	0.00%

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.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 14: Borrowings

(i) Non-current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Term loans			
Secured			
from banks	1,056.37	681.85	-
Unsecured			
from banks	-	-	113.46
	1,056.37	**681.85**	**113.46**
Less: Current maturities of long-term debt	(268.87)	(25.48)	(81.61)
Less: Unamortised upfront fee	(7.04)	(9.97)	-
Total non-current borrowings	**780.46**	**646.40**	**31.85**

(ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Payable on demand			
Secured			
Working capital loans from banks	1,532.09	1,459.48	922.92
Working capital loans from banks - in foreign currency	1,480.40	1,171.03	595.11
Unsecured			
Loans from banks	-	-	149.96
Loans from related parties (refer note: 39)	493.75	533.25	509.37
Total current borrowings	**3,506.24**	**3,163.76**	**2,177.36**

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 of the company.

Note 14 (b): Repayment terms: Loan 1 comprises of one quarterly instalment of ₹ 6.37 lakhs payable in June, 2018. Loan 2 comprises of 16 equal quarterly instalments of ₹ 65.63 lakhs each (June, 2018 to March, 2022), with an applicable interest rate of 9.25% as on the reporting date.

Note 14 (c): 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 (d): Rate of interest on current borrowings is as per the agreement with the respective banks i.e. bank rate 10.55% (+/-) spread as applicable.

Note 14 (e): The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 42.

Note 15: Other financial liabilities

i) Non current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dealership deposits	37.20	47.20	72.20
Earnest money deposits	1.10	1.15	1.15
	38.30	**48.35**	**73.35**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term borrowings	268.87	25.48	81.61
Interest accrued	58.75	86.69	53.97
Unpaid dividend (refer note: 15.1)	24.41	21.20	20.38
Capital creditors	165.24	115.55	39.79
Interim dividend payable	-	-	8.67
Employee benefits payable	567.39	768.10	435.17
Creditors for expenses	258.75	189.80	178.44
Total other financial liabilities	**1,343.41**	**1,206.82**	**818.03**

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

Note 16: Provisions

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employee benefit obligations			
i) Non-current			
Gratuity [refer note: 24 (a)]	49.68	132.49	127.61
Leave encashment	219.70	180.29	106.05
Total	**269.38**	**312.78**	**233.66**
ii) Current			
Gratuity [refer note: 24(a)]	106.48	36.87	23.58
Leave encashment	83.36	34.47	9.69
Total	**189.84**	**71.34**	**33.27**

Note 17: Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Tax (assets) / liabilities			
On property, plant and equipment and intangible assets	1,711.92	1,705.71	1,771.61
Deferred tax on transaction cost on borrowings	2.46	3.45	-
Provision for expected credit loss	(117.11)	(49.72)	(45.31)
Expenses allowable on the basis of payment	(243.10)	(237.51)	(228.01)
Deferred tax (assets) / liabilities (net)	**1,354.17**	**1,421.93**	**1,498.29**

Movement in deferred tax assets

	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, 2016	1,771.61	(45.31)	(228.01)	-	1,498.29
Charged/(credited):					
- to profit or loss	(65.90)	(4.41)	25.94	3.45	(40.92)
- to other comprehensive income			(35.44)	-	(35.44)
As at March 31, 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**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 18: Other current liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory tax payables	329.82	308.48	250.03
Advance from customers	407.41	268.55	590.44
Total other current liabilities	**737.23**	**577.03**	**840.47**

Note 19: Current tax liabilities (net)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current tax (Net of prepaid taxes: ₹ 2034.88 lakhs, March 31, 2017: ₹ 1363.83 lakhs, March 31, 2016: ₹ 246.07 lakhs)	261.12	436.17	198.93
Interest on income tax	48.00	39.15	16.65
Total current tax liabilities	**309.12**	**475.32**	**215.58**

Note 20: Revenue from operations

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	24,463.63	22,727.16
Sale of traded goods	345.45	109.88
Sale of services	2,206.44	2,333.79
Other operating revenue	114.69	143.18
Total revenue from operations	**27,130.21**	**25,314.01**

Note 21: Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income from financial assets at amortised cost	203.08	32.51
Profit on sale of property, plant & equipment	-	0.43
Net gain on foreign currency transactions and translations	-	19.49
Provision for liabilities no longer required written back	14.68	1.54
Other non-operating income	2.73	12.85
Total other income	**220.49**	**66.82**

Note 22: Cost of raw materials consumed

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials at the beginning of the year	1,563.74	1,170.93
Add: Purchases	15,666.04	13,019.77
Less: Raw materials at the end of the year	(1,885.01)	(1,563.74)
Total cost of raw materials consumed	**15,344.77**	**12,626.96**

Note 23: Changes in inventories of finished goods, work-in-progress and scrap

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Finished goods	260.36	175.83
Work-in-progress	827.24	351.68
Scrap	4.17	8.24
Total opening stock	**1,091.77**	**535.75**
Closing stock		
Finished goods	242.11	260.36
Work-in-progress	700.56	827.24
Scrap	8.83	4.17
Total closing stock	**951.50**	**1,091.77**
Changes in inventories of finished goods, work-in-progress and scrap	**140.27**	**(556.02)**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 24: Employee benefits expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages, bonus and other allowances	4,743.98	4,448.31
Contribution to provident fund and other funds	358.62	298.34
Contribution to ESI	30.95	17.94
Staff welfare expenses	203.05	186.22
Total employee benefits expense	**5,336.60**	**4,950.81**

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) to 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.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's contribution to Provident Fund	279.74	242.76
Employer's contribution to ESI	31.04	17.98

(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 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 recognized 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, 2018	For the year ended March 31, 2017
Defined benefit obligation at beginning of the year	783.40	618.86
Current service cost	63.00	50.71
Interest cost	61.25	47.82
Actuarial (gain) / loss	116.52	108.10
Benefits paid	(81.84)	(42.09)
Defined benefit obligation at year end	942.33	783.40

(All amounts in INR lakhs, unless otherwise stated)

B) Reconciliation of opening and closing balances of fair value of plan assets

	Gratuity (funded)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value of plan assets at beginning of year	614.04	467.67
Expected return on plan assets	54.03	36.86
Actuarial (gain) / loss	(4.54)	5.70
Employer's contribution	204.48	145.90
Benefits paid	(81.84)	(42.09)
Fair value of plan assets at year end	786.17	614.04

C) Reconciliation of fair value of assets and obligations

	As at March 31, 2017	As at April 1, 2016
Fair value of plan assets	786.17	614.04
Present value of obligation	942.33	783.40
Amount recognised in balance sheet, surplus/(deficit)	**(156.16)**	**(169.36)**

D) Expenses recognised during the year

	Gratuity (funded)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
In income statement		
Current service cost	63.00	50.71
Interest cost	61.25	47.83
Return on plan assets	(54.03)	(36.86)
Net cost	**70.22**	**61.68**
In other comprehensive income		
Actuarial (gain) / loss	121.06	102.40
Net (income) / expense for the year recognised in OCI	**121.06**	**102.40**

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate	8.25%	8%
Salary growth rate	4%	4%
Withdrawal rate	2%	2%
Retirement age	55 Years	55 Years
Average balance future services	19.42	16.21
Mortality table(Life Insurance Corporation)	2006-08	2006-08

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Sensitivity analysis

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

	For the year ended March 31, 2018
Defined benefit obligation	942.33
Discount rate:(% change compared to base due to sensitivity)	
Increase : +1%	879.29
Decrease: -1%	1,013.27
Salary growth rate: (% change compared to base due to sensitivity)	
Increase: +1%	1,021.04
Decrease: -1%	871.50
Withdrawal rate: (% change compared to base due to sensitivity)	
Increase: +1%	959.52
Decrease: -1%	923.37

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 10.79 years. The expected cash flows over the years is as follows:

	As at March 31, 2018
Defined benefit obligation - gratuity	
Less than a year	106.48
Between 2-5 years	272.99
Over 6 years	551.52
Total	**930.99**

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, 2018	For the year ended March 31, 2017
Interest and finance charges on financial liabilities carried at amortised cost	333.38	261.09
Interest on income tax	8.85	22.50
Other borrowing costs	172.61	143.77
Total Finance costs	**514.84**	**427.36**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 26: Depreciation and amortisation expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment	361.72	333.43
Amortisation of intangible assets	1.63	1.40
Total depreciation and amortisation expense	**363.35**	**334.83**

Note 27: Research and development expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials consumed	15.78	11.85
Salaries, wages, bonus and other allowances	65.54	88.16
Contribution to provident and other funds	4.55	6.26
Contribution to ESI	0.09	0.04
Contribution for scientific research	-	3.15
Total research and development expenses	**85.96**	**109.46**

Note 28: Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	77.85	68.64
Consumption of packing materials	647.66	442.16
Power and fuel	301.05	240.62
Repairs and maintenance		
Plant and machinery	542.53	515.66
Buildings	36.39	34.17
Others	124.72	204.21
Insurance	94.46	78.99
Excise duty movement adjustment in finished goods	(33.11)	12.31
Rent	30.25	17.44
Rates and taxes, excluding taxes on income	56.10	87.27
Professional and consultancy charges	95.54	74.86
Directors sitting fees	11.70	8.60
Printing and stationery	25.24	23.37
Communication expenses	20.93	23.61
Travelling and conveyance	297.86	278.25
Vehicle maintenance	17.35	20.77
Sales commission	249.61	212.28
Sales promotion expenses	2.68	6.92
Advertisement	6.11	2.88
Carriage outward	150.47	202.81
Other selling expenses	39.99	40.41
Technical knowhow expenses	13.48	5.68
Net loss on foreign currency transactions and translations	66.66	-
Bank charges	23.25	12.36
Payments to Auditors [refer note: 28 (a) below]	13.59	23.39
Loss on sale of property, plant & equipment	1.87	-
Book deficit on assets discarded	0.32	3.30
Expected credit loss	191.47	12.74
Donations	2.03	8.12
Corporate social responsibility [refer note: 28 (b) below]	33.19	26.89
General expenses	224.58	203.32
Total other expenses	**3,365.82**	**2,892.03**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 28 (a): Details of payments to auditors

	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to auditors		
As auditors		
As statutory auditor	7.50	6.50
For quarterly reviews	4.50	6.50
In other capacities		
For certification	0.10	1.95
Taxation matters	-	7.00
Re-imbursement of expenses	1.49	1.44
Total payments to auditors	**13.59**	**23.39**

Note 28 (b): Corporate social responsibility expenditure

	For the year ended March 31, 2018	For the year ended March 31, 2017
Amount required to be spent as per section 135 of the Act	33.13	26.81
Amount spent during the year on		
(i) Construction of skill development centre	-	-
(ii) On purposes other than (i) above:	-	-
Promoting education	5.99	4.89
Promoting healthcare	24.20	20.00
Women empowerment	1.00	-
Others	2.00	2.00
Total	**33.19**	**26.89**

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.

		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Income tax expense**		
	Current tax		
	Current tax on profits for the year	538.30	810.44
	Total current tax expense	**538.30**	**810.44**
	Deferred tax		
	to profit or loss	(25.47)	(40.92)
	to other comprehensive income	(42.30)	(35.44)
	Total deferred tax expense/(benefit)	**(67.77)**	**(76.36)**
	Income tax expense	**470.53**	**734.08**
	Income tax expense attributable to		
	Profit from continuing operations	470.53	711.64
	Profit from discontinued operations	-	22.44
		470.53	**734.08**

(All amounts in INR lakhs, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
(b)	**Reconciliation of tax expense and the accounting profit multiplied by tax rate**		
	Profit from operations before income tax expenses	**1,343.94**	**2,202.31**
	Income tax expense		
	Tax at the rate of 34.608% (2016-17: 34.608%)	465.11	762.17
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income	12.07	16.51
	Tax effect of slump sale taxation on discontinued operations (different tax rate)	-	(25.51)
	Tax effect of expenses not allowed for tax purpose	0.76	1.14
	Tax effect of income allowed for tax purpose not considered in books	(16.05)	(40.29)
	Tax effect of expenses relating to voluntary retirement scheme	(25.33)	(28.14)
	Tax effect of Items in other comprehensive income considered for income tax	42.30	35.44
	Tax effect on others	(8.33)	12.76
	Income tax expense	**470.53**	**734.08**

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 maximize 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.

Note:

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.

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

				As at					
		Fair value hierarchy	Notes	March 31, 2018		March 31, 2017		April 1, 2016	
				Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
A.	**Financial assets**								
	Measured at amortised cost								
	Cash and cash equivalents	Level -3	11	230.46	230.46	110.08	110.08	367.10	367.10
	Other bank balances	Level -3	12	3,649.00	3,649.00	415.32	415.32	308.15	308.15
	Investment in preference shares	Level -3	6	-	-	-	-	475.00	475.00
	Trade receivables	Level -3	10	9,752.34	9,752.34	5,613.04	5,613.04	4,143.55	4,143.55
	Other Financial assets	Level -3	7	66.93	66.93	62.15	62.15	57.23	57.23
	Total financial assets			**13,698.73**	**13,698.73**	**6,200.59**	**6,200.59**	**5,351.03**	**5,351.03**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	Fair value hierarchy	Notes	As at					
			March 31, 2018		March 31, 2017		April 1, 2016	
			Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
B. Financial liabilities								
Measured at amortised cost								
Trade payables	Level -3		2,263.93	2,263.93	1,477.01	1,477.01	1,592.10	1,592.10
Borrowings	Level -3	14	4,286.70	4,286.70	3,810.16	3,810.16	2,209.21	2,209.21
Other financial liabilities	Level -3	15	1,381.71	1,381.71	1,255.17	1,255.17	891.38	891.38
Total financial liabilities			**7,932.34**	**7,932.34**	**6,542.34**	**6,542.34**	**4,692.69**	**4,692.69**

Note:

Investments mentioned in note 6 include equity investments in Subsidiaries, Joint venture and Associates 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.

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 prioritization 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 corporate level.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customers. Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information. The company also provides for expected credit losses based on the past experience where it believes that there is high probability of default.

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not Due	5,258.29	3,081.07	2,319.77
0-30 days	915.87	895.13	530.68
31-60 days	636.86	526.92	118.27
60-90 days	518.06	176.67	158.88
90-180 days	393.26	515.66	296.53
More than 181 days	2,365.13	561.25	850.34
Gross Total	**10,087.47**	**5,756.70**	**4,274.47**
Less: Expected credit loss	335.13	143.66	130.92
Net trade receivables	**9,752.34**	**5,613.04**	**4,143.55**

Following are the Expected credit loss for trade receivables under simplified approach

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Expected credit losses			
Opening Balance	143.66	130.92	-
Provision made/ (reversed) during the year	191.47	12.74	130.92
Closing Balance	335.13	143.66	130.92

(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 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.

- **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.

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, 2018	For the year ended March 31, 2017
GBP	0.08	-
AED	0.03	1.26
USD	(17.54)	(23.58)
EURO	(7.64)	2.68

Unhedged foreign currency exposure as at the reporting date

	As at March 31, 2018				
	GBP (In number)	AED (In number)	USD (In number)	EURO (In number)	Equivalent amount in INR lakhs
Trade receivable (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
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

	As at March 31, 2017				
	GBP (In number)	AED (In number)	USD (In number)	EURO (In number)	Equivalent amount in INR lakhs
Trade receivable (Receivable for supplies and services)	-	-	7,05,828	1,51,662	562.67
Advance for purchase of spares and equipment	-	-	8,117	3,09,440	219.54
Balance with banks	-	-	1,36,255	-	88.35
Advances for supplies	-	2,92,030	4,700	-	53.02
Payables for supplies and services	-	-	4,306		2.79
Working capital borrowing	-	-	23,06,075	3,05,983	1,707.11

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(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, 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**
Year ended March 31, 2017				
Non current borrowings	25.48	525.00	121.40	671.88
Current borrowings	3,163.76	-	-	3,163.76
Trade and other payable	1,477.01	-	-	1,477.01
Other financial liabilities	1,181.34	48.35	-	1,229.69
Total financial liabilities	**5,847.59**	**573.35**	**121.40**	**6,542.34**

Note 32: Capital management

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.

The Company monitors the capital structure using gearing ratio, which is total debt divided by total capital plus debt

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Net Debt*	700.52	3,331.44	1,635.95
Equity	19,825.62	12,374.20	10,895.02
Total capital (Net debt + Equity)	**20,526.14**	**15,705.64**	**12,530.97**
Gearing ratio (Net debt / Net debt plus equity)	**3.41%**	**21.21%**	**13.06%**

***Net debt is as follows**

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A)	Borrowings			
	Non-current borrowings	780.46	646.40	31.85
	Current borrowings	3,506.24	3,163.76	2,177.36
	Current Maturity of long term debt	268.87	25.48	81.61
	Total (A)	**4,555.57**	**3,835.64**	**2,290.82**
B)	Cash and cash equivalents	230.46	110.08	367.10
	Bank balances other than cash and cash equivalents	3,624.59	394.12	287.77
	Total (B)	**3,855.05**	**504.20**	**654.87**
C)	**Net debt (A-B)**	**700.52**	**3,331.44**	**1,635.95**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 33 : First-time adoption of Ind AS

Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation on how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

The company has elected to measure items of property, plant and equipment and intangible assets at their carrying values at the transition date except for certain class of assets which are measured at fair value as deemed cost.

A.1.2 Investments in subsidiaries, joint ventures and associates

The company has elected to measure investment in subsidiaries, joint ventures and associates at the previous GAAP carrying amount as their deemed cost as on the date of transaction to Ind AS.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind As shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial asset based on expected credit loss model

A.2.2 Classification and measurement of financial asset

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investments in debt instruments) on the basis of the facts and circumstances that exist on the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

(i) Reconciliation of equity as at the date of transition, April 1, 2016 and as at March 31, 2017

	Note	Reconciliation of equity as at date of transition, April 1, 2016			Reconciliation of equity as at March 31, 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
I Non-current assets							
(a) Property, plant and equipment	7	3,942.11	5,570.59	9,512.70	10,031.61	(133.56)	9,898.05
(b) Capital work-in-progress		241.82	-	241.82	368.96	-	368.96

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	Note	Reconciliation of equity as at date of transition, April 1, 2016			Reconciliation of equity as at March 31, 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
(c) Investment property		-	-	-	8.02		8.02
(d) Intangible assets		2.94	-	2.94	4.44	-	4.44
(e) Financial assets							
(i) Investments		525.00	-	525.00	526.00	-	526.00
(ii) Trade receivables		37.22	-	37.22	32.98	-	32.98
(iii) Other financial assets		57.23	-	57.23	62.15	-	62.15
(f) Other non-current assets		433.89	-	433.89	535.09	-	535.09
Total non-current assets		**5,240.21**	**5,570.59**	**10,810.80**	**11,569.25**	**(133.56)**	**11,435.69**
II Current assets							
(a) Inventories		2,232.61	-	2,232.61	3,350.70	-	3,350.70
(b) Financial assets							
(i) Trade receivables	8	4,237.24	(130.91)	4,106.33	5,723.71	(143.65)	5,580.06
(ii) Cash and cash equivalents		367.10	-	367.10	110.08	-	110.08
(iii) Bank balances other than (ii) above		308.15	-	308.15	415.32	-	415.32
(c) Other current assets		583.99	-	583.99	883.09	-	883.09
Total current assets		**7,729.09**	**(130.91)**	**7,598.18**	**10,482.90**	**(143.65)**	**10,339.25**
TOTAL ASSETS		**12,969.30**	**5,439.68**	**18,408.98**	**22,052.15**	**(277.21)**	**21,774.94**
EQUITY AND LIABILITIES							
III Equity							
(a) Equity share capital		885.86	-	885.86	885.86	-	885.86
(b) Other equity	2	5,659.27	4,349.89	10,009.16	12,838.51	(1,350.17)	11,488.34
Total equity		**6,545.13**	**4,349.89**	**10,895.02**	**13,724.37**	**(1,350.17)**	**12,374.20**
IV Non-current liabilities							
(a) Financial liabilities							
(i) Borrowing	4	31.85	-	31.85	656.37	(9.97)	646.40
(ii) Trade payables		73.35	-	73.35	48.35	-	48.35
(b) Provisions		233.66	-	233.66	312.78	-	312.78
(c) Deferred tax liabilities (net)	6	408.50	1,089.79	1,498.29	339.00	1,082.93	1,421.93
Total non-current liabilities		**747.36**	**1,089.79**	**1,837.15**	**1,356.50**	**1,072.96**	**2,429.46**
V Current liabilities							
(a) Financial liabilities							
(i) Borrowings		2,177.36	-	2,177.36	3,163.76	-	3,163.76
(ii) Trade payables		1,592.10	-	1,592.10	1,477.01	-	1,477.01
(iii) Other financial liabilities		818.03	-	818.03	1,206.82	-	1,206.82
(b) Other current liabilities		840.47	-	840.47	577.03	-	577.03
(c) Provisions		33.27	-	33.27	71.34	-	71.34
(d) Current tax liabilities (net)		215.58	-	215.58	475.32	-	475.32
Total current liabilities		**5,676.81**	**-**	**5,676.81**	**6,971.28**	**-**	**6,971.28**
TOTAL EQUITY AND LIABILITIES		**12,969.30**	**5,439.68**	**18,408.98**	**22,052.15**	**(277.21)**	**21,774.94**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(All amounts in INR lakhs, unless otherwise stated)

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2017

		Previous GAAP	Adjustments	Ind AS
Revenue from operations	3(i), 9(i)	23,071.62	2,242.39	25,314.01
Other Income		66.82	-	66.82
Total Income		**23,138.44**	**2,242.39**	**25,380.83**
Expenses				
Cost of raw materials consumed		12,626.96	-	12,626.96
Purchase of stock in trade		108.84	-	108.84
Changes in inventories of finished goods, stock-in-trade and work-in-progress	3(ii)	(543.70)	(12.32)	(556.02)
Excise duty	3(i)	-	2,284.25	2,284.25
Employee benefits expense	1	5,053.21	(102.40)	4,950.81
Finance costs	4	437.33	(9.97)	427.36
Depreciation and amortization expense	9(i)	346.42	(11.59)	334.83
Research and development expenses		109.46	-	109.46
Other expenses	3 (ii), 9(ii)	2,877.47	14.56	2,892.03
Total Expenses		**21,015.99**	**2,162.53**	**23,178.52**
Profit before exceptional item and tax from continuing operations		**2,122.45**	**79.86**	**2,202.31**
Add : Exceptional item	9(ii)	58.15	(58.15)	-
Profit before tax from continuing operations		**2,180.60**	**21.71**	**2,202.31**
Income tax expense				
Current tax		775.00	13.00	788.00
Deferred tax		(69.49)	(6.87)	(76.36)
Total tax expense		**705.51**	**6.13**	**711.64**
Profit after tax from continuing operations		**1,475.09**	**15.58**	**1,490.67**
Profit after tax from discontinued operations				
Profit after tax from discontinued operations	9(i)	-	19.76	19.76
Profit on disposal of discontinued operations	9(ii)	-	**58.15**	**58.15**
Tax expenses on discontinued operations		-	(22.44)	**(22.44)**
Profit after tax from discontinued operations		-	**55.47**	**55.47**
Profit after tax		**1,475.09**	**71.05**	**1,546.14**
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	1	-	(102.40)	(102.40)
Income tax relating to above items		-	35.44	35.44
Total comprehensive income for the year		**1,475.09**	**4.09**	**1,479.18**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(iii) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Note	As at March 31, 2017	As at April 1, 2016
Total Equity (shareholder's funds) as per previous GAAP		13,724.37	6,545.13
Adjustments:			
Fair valuation as deemed cost for freehold land on transition date	7	-	5,570.59
Fair value adjustment for freehold land	7	(133.56)	-
Provision for expected credit losses on trade receivable	8	(143.65)	(130.91)
Borrowings recognised using effective rate of interest	4	9.97	-
Deferred tax on Ind AS adjustments	6	(1,082.93)	(1,089.79)
Total equity as per Ind AS		**12,374.20**	**10,895.02**

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(iv) Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	As at March 31, 2017
Profit after tax as per previous GAAP		1,475.09
Adjustments:		
Borrowings recognised using effective rate of interest	4	9.97
Provision for expected credit losses on trade receivable	8	(12.74)
Remeasurement of defined benefit plan	1	102.40
Deferred tax on Ind AS adjustments	6	(28.58)
Total adjustments		71.05
Profit after tax as per Ind AS		**1,546.14**
Other comprehensive income (net of tax)		(66.96)
Total comprehensive income as per Ind AS		**1,479.18**

(v) There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

C. Notes to first-time adoption:

Note 1: Remeasurements of defined benefit plan

Under Ind AS, Remeasurements, i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these Remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by ₹ 102.40 lakhs. There is no impact on the total equity as at March 31, 2017.

Note 2: Reserves and surplus

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

The Company had received a Government grant towards Central & State Investment Subsidy with an outstanding amount of ₹ 30.57 lakhs. These amounts have been transferred to retained earnings since the assets related to the grant have been fully depreciated as at April 1, 2016.

Note 3 (i): Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2017 by ₹ 2284.25 lakhs. There is no impact on the total equity and profit.

Note 3 (ii): Movement of excise duty in finished goods

Movement of excise duty in finished goods, reclassified from changes in inventories to other expenses amounting to ₹ 2284.25 lakhs.

Note 4: Transaction costs on borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, finance cost and borrowing have been reduced by ₹ 9.97 lakhs.

Note 5: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit or loss as 'other comprehensive income' includes Remeasurements of defined benefit plans. The concept of 'other comprehensive income' did not exist under previous GAAP.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 6: Deferred tax

The impact of transition adjustments together with Ind-AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Reserves, on the date of transition, with consequential impact to the statement of profit and loss for the subsequent periods.

Note 7: Fair valuation as deemed cost for property, plant and equipment

The Company has considered fair value for property, via land admeasuring over 427.34 acres and 736 square yards, situated in India, with impact of ₹ 5,570.59 lakhs in accordance with stipulations of Ind AS 101 as on transition date April 1, 2016, with the resultant impact being accounted for in the reserves. Accordingly revaluation made during financial year 2016-17 had been reversed with net impact of ₹ 133.56 lakhs.

Note 8: Trade receivables

Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Accordingly, the company impaired its trade receivable by 130.91 lakhs as on April 1, 2016 which has been impacted against retained earnings and in the profit for the year ended March 31, 2017 decreased by ₹ 12.74 lakhs.

Note 9: Discontinued operations

i) Profit from discontinued operations of ₹ 19.76 lakhs which was not disclosed separately under previous GAAP, has been reclassified to profit on sale of discontinued operations as per Ind AS 105. Due to this, revenue has been reclassed by ₹ 41.86 lakhs, depreciation by ₹ 11.59 lakhs and other expenses by ₹ 10.51 lakhs. There is no impact on the total equity and profit.

ii) Profit on sale of discontinued operations of ₹ 58.15 lakhs which was disclosed as exceptional items under previous GAAP, has now been reclassified to profit on sale of discontinued operations as per Ind AS 105. There is no impact on the total equity and profit.

Note 34: Discontinued operations

(a) Description

On March 22, 2017, pursuant to approval of the Board of directors, the company has transferred the wind mill division at Dindigul district, Tamilnadu to OPEL Investments Private Limited as a going concern on slump sale basis for a consideration of ₹ 298.83 lakhs.

(b) Financial performance and cash flow information

The financial performance and cash flow information is presented below:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue	-	**41.86**
Expenses		
Depreciation	-	11.59
Other Expenses	-	10.51
Total Expenses	-	**22.10**
Profit before tax	-	**19.76**
Income tax expense	-	-
Profit after tax	-	**19.76**
Gain on sale of division after income tax (see (c) below)	-	**35.71**
Profit from discontinued operations*	-	**55.47**
Other comprehensive income from discontinued operation	-	-
Net cash inflow from operating activities	-	16.20
Net cash inflow from investing activities	-	-
Net cash (outflow) from financing activities	-	(16.20)
Net increase in cash generated from discontinued operation	-	-

* The entire amount is attributable to the equity holders of the company.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

(c) Details of the sale of the wind mill division

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale consideration received	-	298.83
Carrying amount of net assets sold	-	240.68
Gain on sale before income tax	-	**58.15**
Income tax expense	-	22.44
Gain on sale after income tax	-	**35.71**

The carrying amount of assets and liabilities as at the date of sale (March 22, 2017) were as follows:

	As at March 22, 2017
Property, plant and equipment	196.84
Trade receivables	39.25
Other current assets	6.93
Total assets	**243.02**
Other current liabilities	2.34
Total liabilities	**2.34**
Net assets	**240.68**

Note 35: Contingent liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
On account of Letter of Credit and Guarantees issued by the bankers	5,514.37	3,342.74	3,219.84
Sales tax demands disputed by the company pending in appeal	587.66	575.83	151.31
Income tax demands disputed by the company pending in appeal	34.39	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 36: Commitments

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,550.13	794.06	265.97

Note 37 : 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:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount remaining unpaid as on March 31	21.24	17.31	17.31
Interest due thereon as on March 31	NIL	NIL	NIL
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	NIL	NIL	NIL
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	NIL	NIL	NIL
Interest accrued and remaining unpaid as at March 31	NIL	NIL	NIL
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	NIL	NIL	NIL

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.

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 38: Interest in other entities

The Company's subsidiaries and Joint ventures as at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the company.

Name of the entity	Relationship	Principal activity	Ownership interest	
			As at March 31, 2018	As at March 31, 2017
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 39: 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
		Colonel Vikram Mahajan, Executive Director (resigned on November 30, 2017)
		Dr. N.V. Srinivasa Rao, Executive Director (resigned on September 30, 2016)
		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 (Retd.), Independent Director
(c)	**Relatives of key management personnel**	Mrs.T.Malati
		Mrs.T.Shruti
		Mrs.N.Surya Kumari
		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

(f) Transactions with related parties

	Amount of transaction for the year ended March 31, 2018	Amount outstanding (Debit / Credit) as at March 31, 2018	Amount of transaction for the year ended March 31, 2017	Amount outstanding (Debit / Credit) as at March 31, 2017
Key Management Personnel				
Short term employee benefits				
Managerial remuneration	264.96	34.14 Cr	361.87	79.32 Cr
Others				
Acceptance of unsecured loan	305.10	-	71.30	-
Dividend paid	110.91	-	-	-
Repayment of unsecured loan	344.60	493.75 Cr	47.42	533.25 Cr
Interest paid	55.35	49.82 Cr	74.18	76.82 Cr
Sitting fees	11.70	-	8.60	-

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

	Amount of transaction for the year ended March 31, 2018	Amount outstanding (Debit / Credit) As at March 31, 2018	Amount of transaction for the year ended March 31, 2017	Amount outstanding (Debit / Credit) As at March 31, 2017
Relatives of Key Management Personnel				
Dividend paid	0.63	-	-	-
Concerns in which key management personnel have substantial interest (significant interest entities)				
Dividend paid	19.70	-	-	-
Concerns in which relatives of key management personnel have substantial interest (significant interest entities)				
Job work charges paid	1.78	-	-	-
Concerns in which the company has substantial interest (subsidiary company)				
Purchase of raw material	167.62	123.17 Cr	213.63	179.72 Cr
Job work charges paid	-	-	1.45	-
Investment in equity shares	-	-	476.00	-
Redemption of preference shares	-	-	475.00	-
Rent paid	0.40	-	-	-
Reimbursement of expenses	-	-	0.05	-
Joint venture (jointly controlled entity)	-	-	-	0.19 Dr
Investment in equity shares	5.00	-	-	-

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, 2018	For the year ended March 31, 2017
Acceptance of unsecured loans		
Dr. A.N.Gupta	163.00	60.50
Dr. Kailash Gupta	142.10	10.80
Interest paid		
Dr. A.N.Gupta	35.19	47.47
Dr. Kailash Gupta	20.16	26.71
Job work charges paid		
Premier Wire Products Limited	-	1.45
Godavari Explosives Limited	1.78	-
Managerial remuneration paid*		
Dr. A.N.Gupta #	163.61	212.09
Mr. T.V. Chowdary	69.59	73.32
Dr. N.V.Srinivasa Rao	-	33.20
Colonel Vikram Mahajan (Retd)	31.76	43.26
Repayment of unsecured loans		
Dr. A.N.Gupta	218.60	-
Dr. Kailash Gupta	126.00	43.00

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Nature of transaction / related party	For the year ended March 31, 2018	For the year ended March 31, 2017
Sitting fees		
Dr. Kailash Gupta	2.50	2.10
Mr. Anil Kumar Mehta	3.40	2.60
Mr. P.R. Tripathi	1.70	1.50
Mr. K. Rama Rao	2.00	1.40
Purchase of raw materials		
Premier Wire Products Limited	167.62	213.63
Rent paid		
Premier Wire Products Limited	0.40	-
Investment in equity shares		
Premier Wire Products Limited	-	475.00
BF Premier Energy Systems Private Limited	5.00	-
Redemption of preference shares		
Premier Wire Products Limited	-	475.00
Dividend paid		
Dr. A.N.Gupta	76.16	-
Dr. Kailash Gupta	33.08	-
A.N Gupta (HUF)	19.70	-

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

Net of excess amount recoverd ₹ 44.92 lakhs (2017- ₹ 5.31 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.

Note 40: Donation to political parties

	For the year ended March 31, 2018	For the year ended March 31, 2017
Communist party of India (Marxist-Leninist)	-	0.90
Communist party of India (Marxist)	-	0.90
Bharatiya Janata Party	-	2.50

Note 41: Earnings per share (EPS)

		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Basic EPS (₹)**		
	Basic earnings per share attributable to the equity holders of the company		
	From continuing operations	8.42	16.83
	From discontinued operations	-	0.63
	From continuing & discontinued operations	8.42	17.46
(b)	**Diluted EPS (₹)**		
	Diluted earnings per share attributable to the equity holders of the company		
	From continuing operations	8.42	16.83
	From discontinued operations	-	0.63
	From continuing & discontinued operations	8.42	17.46
(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:		
	From continuing operations	873.41	1,490.67

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
	From discontinued operations	-	55.47
	From continuing & discontinued operations	873.41	1,546.14
	Diluted earnings per share		
	Profit attributable to the equity holders of the company used in calculating diluted earnings per share:		
	From continuing operations	873.41	1,490.67
	From discontinued operations	-	55.47
	From continuing & discontinued operations	873.41	1,546.14
(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	1,03,72,511	88,58,575
	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	1,03,77,880	88,58,575

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, 2018	As at March 31, 2017	As at April 1, 2016
Working capital loans from banks (secured)			
Primary security			
Current assets			
Financial assets	13,597.02	6,105.46	4,781.58
Non financial assets	4,182.75	4,233.79	2,816.60
Collateral security			
Non current assets			
Non financial assets	11,576.73	10,279.47	9,757.46
Towards current borrowings	**29,356.50**	**20,618.72**	**17,355.64**
Non current borrowings from banks (secured)			
Primary security			
Non current assets			
Non financial assets (Assets purchased out of said loans)	1,310.25	893.98	-
Collateral security			
Current assets			
Financial assets	13,597.02	6,105.46	-
Non financial assets	4,182.75	4,233.79	-
Towards non current borrowings	**19,090.02**	**11,233.23**	**-**

Note 43: Utilisation of fund raised through Qualified Institutional Placement & Preferential Issue

During the year ended March 31, 2018 the company has raised ₹ 7,273.26 lakhs primarily for Business expansion, working capital purposes and any other purposes as may be permissible under applicable law.

Utilisation of funds	As at March 31, 2018
Business expansion & Working capital utilisation	4,462.04

Notes to financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 44: 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, 2018	For the year ended March 31, 2017
On 1,06,37,139 (March 31, 2017: 1,05,09,575) equity shares of ₹ 10/- each		
Amount of dividend proposed*	265.93	315.29
Dividend per equity share (₹)	**2.50**	**3.00**

* Dividend distribution tax 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

Kiran Kumar Majeti
Partner
Membership number: 220354

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF PREMIER EXPLOSIVES LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **PREMIER EXPLOSIVES LIMITED** (hereinafter referred to as "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, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including Joint venture in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. 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, its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements the subsidiaries, and joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint venture as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 926.91 Lakhs as at 31st March 2018, total revenues of ₹ 1,073.73 Lakhs and net cash inflows amounting to ₹ 6.27 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 4.61 Lakhs for the year ended 31st March 2018, as considered in the consolidated Ind AS 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 Ind AS 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.

(b) The comparative financial information of the Group for the year ended 31st March 2017, which includes its share of loss in its joint venture and the related transition date opening balance sheet as at 1st April 2016 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose reports for the years ended 31st March 2017 and 31st March 2016 dated May 27, 2017 and May 24, 2016 respectively expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture companies incorporated in India, referred in the Other Matters paragraph 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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 Cash Flow Statement and 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed 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, 2018 taken on record by the Board of Directors of the Parent 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 and joint venture company incorporated in India is disqualified as on 31st March 2018 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 Rule 11 of the Companies (Audit and Auditor's) 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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its joint venture. (Refer Note No.35 to the financial statements).

ii. The Group, and its joint venture did not have any material foreseeable losses on long-term contracts including 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 incorporated in India.

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

Kiran Kumar Majeti
Partner
Membership Number: 220354

Place: Hyderabad
Date: May 23, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (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 31st March 2018, 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 31st March 2018, 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
Firm Registration Number: 015975S
Chartered Accountants

Place: Hyderabad
Date: May 23, 2018

Kiran Kumar Majeti
Partner
Membership Number: 220354

CONSOLIDATED BALANCE SHEET
as at March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	ASSETS				
I	**Non-current assets**				
	(a) Property, plant and equipment	3	10,478.27	10,418.10	9,512.68
	(b) Capital work-in-progress	3	1,579.17	368.96	241.82
	(c) Investment property	4	8.02	8.02	-
	(d) Intangible assets	5	2.81	4.44	2.94
	(e) Investments accounted through equity method	6	0.39	-	82.32
	(f) Financial assets				
	(i) Investments	6	-	-	475.00
	(ii) Trade receivables	10	34.78	32.98	37.22
	(iii) Other financial assets	7	66.93	62.15	57.23
	(g) Other non-current assets	8	650.60	554.23	433.83
	Total non-current assets		**12,820.97**	**11,448.88**	**10,843.04**
II	**Current assets**				
	(a) Inventories	9	3,746.48	3,500.85	2,232.61
	(b) Financial assets				
	(i) Trade receivables	10	9,783.89	5,606.34	4,106.33
	(ii) Cash and cash equivalents	11	238.55	111.90	367.10
	(iii) Bank balances other than (ii) above	12	3,649.00	416.62	308.21
	(c) Other current assets	8	651.81	904.88	583.99
	Total current assets		**18,069.73**	**10,540.59**	**7,598.24**
	TOTAL ASSETS		**30,890.70**	**21,989.47**	**18,441.28**
	EQUITY AND LIABILITIES				
III	**Equity**				
	(a) Equity share capital	13	1,063.71	885.86	885.86
	(b) Other equity		18,831.41	11,616.55	10,041.46
	Equity attributable to equity share holders of parent		19,895.12	12,502.41	10,927.32
	Non controlling interest		150.03	163.74	-
	Total equity		**20,045.15**	**12,666.15**	**10,927.32**
	Liabilities				
IV	**Non-current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	14	780.46	646.40	31.85
	(ii) Other financial liabilities	17	38.80	48.85	73.35
	(b) Provisions	16	277.97	321.84	233.66
	(c) Deferred tax liabilities (net)	15	1,373.48	1,449.03	1,498.29
	(d) Other non current liabilities	18	5.86	6.78	-
	Total non-current liabilities		**2,476.57**	**2,472.90**	**1,837.15**
V	**Current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	14	3,590.53	3,164.86	2,177.36
	(ii) Trade payables				
	- dues to micro and small enterprises (refer note: 37)		21.24	17.31	17.31
	- dues to others		2,130.01	1,287.14	1,574.79
	(iii) Other financial liabilities	17	1,379.00	1,240.12	818.03
	(b) Other current liabilities	18	746.66	588.10	840.47
	(c) Provisions	16	192.36	71.87	33.27
	(d) Current tax liabilities (net)	19	309.18	481.02	215.58
	Total current liabilities		**8,368.98**	**6,850.42**	**5,676.81**
	Total liabilities		**10,845.55**	**9,323.32**	**7,513.96**
	TOTAL EQUITY AND LIABILITIES		**30,890.70**	**21,989.47**	**18,441.28**

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

Kiran Kumar Majeti
Partner
Membership number: 220354

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
	Continuing operations			
I	Revenue from operations	20	28,030.91	26,175.98
II	Other income	21	222.52	69.50
III	**Total revenue (I+II)**		**28,253.43**	**26,245.48**
IV	**Expenses**			
	Cost of raw materials consumed	22	15,833.88	12,979.92
	Purchases of stock in trade		315.79	108.84
	Changes in inventories of finished goods, work-in-progress and scrap	23	136.55	(574.55)
	Excise duty		572.01	2,397.54
	Employee benefits expense	24	5,478.97	5,054.06
	Finance costs	25	521.00	433.34
	Depreciation and amortization expense	26	393.29	357.36
	Research and development expenses	27	85.96	109.46
	Other expenses	28	3,647.25	3,140.10
	Total expenses (IV)		**26,984.70**	**24,006.07**
V	**Profit before tax and before share of (loss) from joint venture**		**1,268.73**	**2,239.41**
VI	**Share of (loss) from joint venture**		**(4.61)**	**(4.47)**
VII	**Profit before tax from continuing operations (V+VI)**		**1,264.12**	**2,234.94**
VIII	**Tax expense**			
	Current tax	29	538.42	790.50
	Deferred tax	29	(75.55)	(76.52)
	Total tax expense		462.87	713.98
IX	**Profit from continuing operations (VII-VIII)**		**801.25**	**1,520.96**
	Discontinued operations			
X	**Profit from discontinued operations**			
	Profit from discontinued operations before tax		-	19.76
	Gain on disposal of discontinued operations		-	58.15
	Tax expenses on discontinued operations		-	(22.44)
	Profit from discontinued operations (X)		**-**	**55.47**
XI	**Profit for the year (IX+X)**		**801.25**	**1,576.43**
XII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of defined benefit plan		(121.33)	(97.22)
	Income tax relating to above		42.35	34.45
	Other comprehensive income after tax for the year (XII)		**(78.98)**	**(62.77)**
XIII	**Total comprehensive income for the year (XI+XII)**		**722.27**	**1,513.66**
	Profit attributable to			
	Owners of Premier Explosives Limited		814.92	1,572.84
	Non- controlling interest		(13.67)	3.59
			801.25	**1576.43**
	Other comprehensive income attributable to			
	Owners of Premier Explosives Limited		(78.94)	(63.89)
	Non- controlling interest		(0.04)	1.12
			(78.98)	**(62.77)**
	Total comprehensive income for the year attributable to			
	Owners of Premier Explosives Limited		735.98	1,508.95
	Non- controlling interest		(13.71)	4.71
			722.27	**1,513.66**
XIV	**Earnings per share (par value of ₹ 10 each)**			
	From continuing operations			
	Basic		7.72	17.17
	Diluted		7.72	17.17
	From discontinued operations			
	Basic		-	0.63
	Diluted		-	0.63
	From continuing & discontinued operations			
	Basic		7.72	17.80
	Diluted		7.72	17.80

The accompanying notes are an integral part of the financial statements

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 23, 2018

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

T.V.Chowdary
Deputy Managing Director

CONSOLIDATED CASH FLOW STATEMENT
for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities**		
	Profit before tax		
	Continuing operations	1,264.12	2,234.94
	Discontinuing operations	-	77.91
	Adjustments for:		
	Depreciation and amortisation expense	393.29	368.95
	Unrealised foreign exchange loss / (gain) (net)	2.51	(39.57)
	Expected credit loss	191.47	12.74
	Bad and doubtful trade receivable	-	0.42
	Interest income	(204.20)	(33.73)
	Finance costs	347.51	286.29
	Remeasurements of defined benefit plan	(121.33)	(97.22)
	Provision for liabilities no longer required, written back	(14.68)	(1.59)
	Share of (loss) of associates and joint ventures	-	-
	Deferred government grant income	(0.91)	(0.91)
	Loss / (profit) on sale of property, plant and equipment	1.87	(0.43)
	Gain on disposal of discontinued operation	-	(58.15)
	Book deficit on assets discarded	0.32	3.39
	Operating cash flow before working capital changes	**1,859.97**	**2,753.04**
	Adjustments for:		
	Trade receivables, financial assets and other assets	(4,282.15)	(1,804.27)
	Inventories	(245.63)	(1,150.55)
	Trade payables, other liabilities and provisions	954.31	65.70
	Cash generated from operating activities	**(1,713.50)**	**(136.08)**
	Income tax paid	676.76	539.30
	Net cash generated from operating activities (A)	**(2,390.26)**	**(675.38)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(1,576.19)	(1,136.78)
	Investment in Joint Venture (net)	0.39	-
	Proceeds from disposal /sale of property, plant and equipment	19.36	271.50
	Investments in bank deposits (having original maturity of more than three months) (Net)	(3,098.55)	(89.67)
	Interest received	83.24	24.57
	Net cash (outflow) from investing activities (B)	**(4,571.75)**	**(930.38)**
C	**Cash flows from financing activities**		
	Proceeds/(repayment) of non-current borrowing (net)	377.45	558.42
	Proceeds/(repayment) of current borrowings (net)	421.15	1,033.10
	Finance costs	(366.54)	(231.07)
	Dividend and dividend tax paid	(384.08)	(8.67)
	Proceeds from issue of share warrants	148.80	-
	Proceeds from issue of shares including securities premium		
	- to promoters and promoters group (Preferential allotment)	515.23	-
	- to others (Qualified institutional placement)	6,376.82	-
	Net cash inflow from financing activities (C)	**7,088.83**	**1,351.78**

Consolidated Cash flow Statement for the year ended March 31, 2018 (Continued)

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
D	**Net increase (decrease) in cash and cash equivalents (A+B+C)**	126.82	(253.98)
	Exchange difference on translation of foreign currency cash and cash equivalents	(0.17)	(1.22)
	Cash and cash equivalents at the beginning of the year	111.90	367.10
E	**Cash and cash equivalents at end of the year**	**238.55**	**111.90**

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 Indian Accounting Standard (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.
4. Amendment to Ind AS 7

   Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on 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

Kiran Kumar Majeti
Partner
Membership number: 220354

C.Subba Rao
Chief Financial Officer

K.Vijayashree
Company Secretary

Dr. A.N.Gupta
Chairman and Managing Director

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

(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 01, 2016		88,58,575	885.86
Changes in equity share capital		-	-
As at March 31, 2017		**88,58,575**	**885.86**
Changes in equity share capital		17,78,564	177.85
As at March 31, 2018	13	**1,06,37,139**	**1,063.71**

B Other equity

	Reserves & surplus				Money received against share warrants	Other compre-hensive income	Attributable to equity holders of parent	Non-controlling Interest	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings					
Balance as at April 1, 2016	**0.13**	**551.78**	**1,500.39**	**7,989.16**	**-**	**-**	**10,041.46**	**-**	**10,041.46**
Profit for the year	-	-	200.00	1,576.43	-	-	1,776.43	3.59	1,780.02
Adjustment on acquisition of Premier wire products limited as on 30th June, 2016	0.81	-	0.81	59.81	-	-	61.43	159.03	220.46
Actuarial (gain) / loss on defined benefit plan, net of income tax	-	-		(200.00)	-	(62.77)	(262.77)	1.12	(261.65)
	0.81	**-**	**200.81**	**1,436.24**	**-**	**(62.77)**	**1,575.09**	**163.74**	**1,738.83**
Balance as at March 31, 2017	**0.94**	**551.78**	**1,701.20**	**9,425.40**	**-**	**(62.77)**	**11,616.55**	**163.74**	**11,780.29**
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 defined benefit plan, net of income tax	-	-	-	-	-	(78.98)	(78.98)	(0.04)	(79.02)
	-	**-**	**-**	**814.92**	**-**	**(78.98)**	**735.94**	**(13.71)**	**722.23**
Transactions with 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**	**-**	**(384.08)**	**148.80**	**-**	**6,478.92**	**-**	**6,478.92**
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**

The accompanying notes are an integral part of the financial statements

Consolidated Statement of Changes in Equity for the year ended March 31, 2018 (Continued)

(All amounts in INR lakhs, unless otherwise stated)

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 which will not be available for declaration of dividend as per Companies (Declaration and payment of Dividend) Rules, 2014.

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 23, 2018

For and on behalf of the Board

C.Subba Rao
Chief Financial Officer

Dr. A.N.Gupta
Chairman and Managing Director

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

1 **Background**

1.1 Premier Explosives Limited (PEL), (the 'company') is a public limited company incorporated 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.

1.2 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.

1.3 The financial statements are approved for issue by the Company's Board of Directors on May 23, 2018.

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.

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.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer note 33 for an explanation of how the transition from previous GAAP to Ind AS was carried out in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards with the date of transition as April 1, 2016 and its effects on the company's financial position, financial performance and cash flows.

2.1 Basis of preparation of financial statements

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. The financial statements are presented in Indian Rupees (INR). All amounts have been rounded off to the nearest lakhs with two decimal places, unless otherwise indicated.

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.

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.

Deferred tax assets and liabilities are classified as non current only. All other assets and liabilities are classified as non-current.

(All amounts in INR lakhs, unless otherwise stated)

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 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, 2018.

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.

Associate

Associates are the entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint venture

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, associate 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 associates and 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 the group 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.

(ii) 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, 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.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

2.5 Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with Ind AS requires management of the group to make estimates and assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Following are 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 defined benefit obligation [refer note: 24 (a)(ii)]
- Estimation of expected credit loss on financial assets [refer note: 10 (b)]

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below.

Sale of goods

Timing of recognition & measurement:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer as per the terms of the contracts, usually on delivery of the goods and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts, volume rebates and powder factor deductions.

Sale of services

Timing of recognition & measurement:

Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives and discounts based on the terms of the contract and applicable indirect taxes.

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 from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

2.7 Property, plant and equipment

Recognition and measurement

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Items such as spares are capitalised when they meet the definition of property, plant and equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Likewise, expenditure towards major inspections and overhauls are identified as a separate component and depreciated over the period till the expected next overhaul.

Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance / life. All other expenses on existing property, plant and equipment, including day-today repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Derecognition

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.

Depreciation expense

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

Transition to Ind AS

On transition to Ind AS, the group has elected the option of fair value as deemed cost for Land, as on the date of transition. All other items of property, plant and equipment use the carrying value measured as per the previous GAAP as the deemed cost as at April 1, 2016.

2.8 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

These assets are amortised over a period of 3 years, which is based on their estimated useful life. The estimated useful life and amortization 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.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

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.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

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:

a) 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.

b) At fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payment of principal and interest on the principal amount outstanding and selling financial assets.

c) At fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

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.

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).

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 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

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

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.

2.12 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 weighted average basis, and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished products in which these will be incorporated are expected to be sold at or above cost.

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

(iii) Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition.

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.

Scarp is valued at net realisable value. Obsolete, defective and unserviceable inventories are duly provided for.

2.14 Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the applicable tax laws.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the group will pay normal income tax after the tax holiday period.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The group recognises interest levied and penalties related to income tax assessments in interest expenses.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the group will pay normal income tax during the specified period. Deferred tax asset on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of assets or liabilities in the balance sheet.

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 recognize 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.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

2.17 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of 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 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 group operates the following post-employment schemes

(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 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. Proposed dividend is recognised as a liability in the period in which it is declared by the group, usually when approved by shareholders in a general meeting or paid.

2.20 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.

2.21 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 period.

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.

2.22 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.

2.23 Recent accounting pronouncements

a) Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition

- Retrospective approach - under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Cumulative catch-up approach - under this approach the standard will be applied retrospectively with cumulative effect of initially applying the standard

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The group will adopt the standard from April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. No material effect is expected on adoption of this standard.

b) Ind AS 21-The effect of changes in exchange rates

On 28 March, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018 and no material effect is expected on adoption of this standard.

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 property, plant and equipment	Capital work-in-progress
			Plant and machinery	Research and development equipment						
Year ended March 31, 2017										
Gross carrying amount										
Deemed cost as at April 1, 2016	6,001.41	1527.17	3889.93	136.61	137.29	123.76	63.33	20.79	11,900.29	241.82
Adjustment on acquisition of Associate	185.94	179.73	377.11	-	0.37	0.38	0.53	-	744.06	-
Additions	11.66	230.43	603.46	3.48	30.22	68.51	5.54	2.00	955.30	127.14
Reclassification as investment property	8.02	-	-	-	-	-	-	-	8.02	-
Disposals	3.00	-	460.83	-	0.61	33.47	9.06	-	506.97	-
Closing gross carrying amount as at March 31, 2017	6,187.99	1,937.33	4,409.67	140.09	167.27	159.18	60.34	22.79	13,084.66	368.96
Accumulated depreciation										
Opening accumulated depreciation	-	424.23	1710.10	58.42	83.59	57.36	53.42	0.49	2,387.61	
Adjustment on acquisition of Associate	-	44.41	136.34	-	0.34	0.17	0.28	-	181.54	
Depreciation charge for discontinued operation	-	-	11.59	-	-	-	-	-	11.59	
Depreciation charge during the year	-	65.20	248.07	9.64	14.48	14.29	4.08	0.20	355.96	-
Disposals	-	-	244.06	-	0.59	16.85	8.64		270.14	-
Closing accumulated depreciation as at March 31, 2017	-	533.84	1,862.04	68.06	97.82	54.97	49.14	0.69	2,666.56	-
Net carrying amount as at March 31, 2017	**6,187.99**	**1,403.49**	**2,547.63**	**72.03**	**69.45**	**104.21**	**11.20**	**22.10**	**10,418.10**	**368.96**
Net carrying amount as at April 01, 2016	6,001.41	1,102.94	2,179.83	78.19	53.70	66.40	9.91	20.30	9,512.68	241.82
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 as at March 31, 2018	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 as at March 31, 2018	-	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**

Notes:

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

2) Refer note 44 for information on property, plant and equipment provided as security by the group.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 4: Investment property

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Opening balance	8.02	-	-
Transferred from property, plant and equipment	-	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 (Sales Comparable Approach Level 2) as at April 1, 2016 is ₹ 250.24 lakhs. There is no material change in the fair value.

Note 5: Intangible assets

	Software
Year ended 31 March 2017	
Gross carrying amount	
Deemed cost as at April 1, 2016	29.13
Additions	2.90
Closing gross carrying amount as at March 31, 2017	**32.03**
Accumulated amortisation	
Opening accumulated amortisation as at April 01, 2016	26.19
Amortisation charge during the year	1.40
Closing accumulated amortisation as at March 31, 2017	**27.59**
Closing net carrying amount as at March 31, 2017	**4.44**
Closing net carrying amount as at April 01, 2016	2.94
Year ended 31 March 2018	
Gross carrying amount	
Opening Gross carrying amount as at April 01, 2017	32.03
Additions	-
Closing gross carrying amount as at March 31, 2018	**32.03**
Accumulated amortisation	
Opening accumulated amortisation as at April 01, 2017	27.59
Amortisation charge during the year	1.63
Closing accumulated depreciation as at March 31, 2018	**29.22**
Closing carrying amount as at March 31, 2018	**2.81**

Note 6: Investments accounted through equity method

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(Un quoted, fully paid up)			
Investment in equity instruments in associate companies (at cost)			
Premier Wire Products Limited Nil (March 31, 2017: Nil, April 01,2016: 4,50,000) equity shares of ₹ 10/- each, fully paid	-	-	45.00
Add: Share of post acquisition profit	-	-	37.32
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, 2017: 50,000, April 01, 2016: 50,000) equity shares of ₹ 10/- each, fully paid	10.00	5.00	5.00
Add: Share of post acquisition loss	(9.61)	(5.00)	(5.00)
Total (Equity instruments)	**0.39**	**-**	**82.32**
Investment in preference shares (fully paid-up)			
Premier Wire Products Limited			
47,50,000 11% redeemable preference shares of ₹ 10/- each fully paid	-	-	475.00
Total (Preference shares)	**-**	**-**	**475.00**
Total Non-current investments	**0.39**	**-**	**557.32**
Aggregate amount of unquoted investments	0.39	-	557.32
Aggregate amount of impairment in the value of investment	-	-	-

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 7: Other financial assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Bank deposits with more than 12 months maturity	66.93	62.15	57.23
Total other financial assets	**66.93**	**62.15**	**57.23**

Note 8: Other assets

(i) Non current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital advances (refer note: 36)	264.26	321.96	166.81
Advances other than capital advances:			
Security deposits	209.05	133.11	166.77
Pre-paid expenses	161.36	82.99	80.87
Advance taxes (net of provisions)	15.93	15.93	16.88
Advances to employees	-	0.24	2.50
Total other non-current assets	**650.60**	**554.23**	**433.83**

(ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with government authorities	11.86	176.99	135.92
Prepaid expenses	160.25	140.14	124.68
Advances to suppliers	188.54	242.47	240.03
Other receivable*	74.34	65.92	49.91
Unbilled revenue	216.82	279.36	33.45
Total other non-current assets	**651.81**	**904.88**	**583.99**

* Other receivable consist of mainly export incentive receivable

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw materials	1,966.91	1,619.54	1,170.93
Work-in-progress	756.59	879.89	351.68
Finished goods	259.53	274.24	175.83
Stores and spares	753.22	718.41	525.93
Scrap	10.23	8.77	8.24
Total inventories	**3,746.48**	**3,500.85**	**2,232.61**
The above includes raw materials in transit	56.25	43.38	17.94

Note 9 (a): Inventories are hypothecated as security against working capital loans. (refer note: 44)

Note 10: Trade receivables

(i) Non current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, doubtful			
Trade receivables	34.79	32.99	37.23
Less: Provision for expected credit loss [refer note: 32(A)]	(0.01)	(0.01)	(0.01)
Total non-current trade receivables	**34.78**	**32.98**	**37.22**

(All amounts in INR lakhs, unless otherwise stated)

(ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade receivables	10,119.02	5,750.00	4,237.24
Less: Provision for expected credit loss [refer note: 32(A)]	335.13	143.66	130.91
Total trade receivables	**9,783.89**	**5,606.34**	**4,106.33**

Note 10 (a): Trade receivables are hypothecated as security against working capital loans. (refer note: 44)

Note 11: Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
in Current accounts	33.60	109.69	360.60
in Cash credit accounts	-	0.41	0.01
in EEFC accounts	192.25	-	-
Cash on hand	12.70	1.80	6.49
Total cash and cash equivalents	**238.55**	**111.90**	**367.10**

Note 12: Bank balances other than cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Earmarked balances with banks*	24.41	21.20	20.38
Deposits with original maturity over 3 months but less than 12 months	2,801.62	2.85	-
Margin money deposits with banks	822.97	392.57	287.83
Total bank balances other than cash and cash equivalents	**3,649.00**	**416.62**	**308.21**

* Earmarked balances represent unpaid dividend

Note12 (a): Margin money deposits include ₹ 673.80 lakhs (March 31, 2017: ₹ 375.59 lakhs; April 1, 2016: ₹ 277.29 lakhs) pledged / lien against bank guarantees issued by the banks. (refer note: 35)

Note 13: Equity share capital

Movement of equity share capital during the year

Authorised	Number of shares	Amount
As at April 1, 2016	1,00,00,000	1,000.00
Changes during the year	-	-
As at March 31, 2017	**1,00,00,000**	**1,000.00**
Changes during the year	50,00,000	500.00
As at March 31, 2018	**1,50,00,000**	**1,500.00**

Issued, subscribed and paid up	Number of shares	Amount
As at April 1, 2016	88,58,575	885.86
Changes during the year	-	-
As at March 31, 2017	**88,58,575**	**885.86**
Changes during the year	17,78,564	177.85
As at March 31, 2018	**1,06,37,139**	**1,063.71**

Issue of shares by way of QIP

During the year the group has allotted 16,51,000 equity shares of ₹ 10/- each at ₹ 400/- per share, including a premium of ₹ 390 per share by way of Qualified Institutional Placement (QIP) through private placement by complying with section 42 read with rule 14(1) of the companies Act, 2013 and other relevant provisions specified by the SEBI. Thus the equity share capital has increased by ₹ 165.10 lakhs and share premium by ₹ 6438.90 lakhs.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Preferential allotment

During the year the group has made preferential allotment of 1,27,564 equity shares of ₹ 10 each at ₹ 408 per share, including a premium of ₹ 398 per share to promoters (75,020 shares) and others (52,544 shares). Thus the equity share capital has increased by ₹ 12.76 lakhs and share premium by ₹ 507.70 lakhs.

Issue expenses

Issue expenses incurred towards issue of above equity shares amounting ₹ 232.39 lakhs has been netted off from the Securities Premium account as these expenses are directly attributable to the issue of shares.

(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, 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%
March 31, 2017				
Number of shares	24,88,579	10,77,798	6,56,697	-
% holding	28.09%	12.17%	7.41%	0.00%
April 01, 2016				
Number of shares	24,79,039	10,67,277	6,56,697	-
% holding	27.98%	12.05%	7.41%	0.00%

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, 2018	As at March 31, 2017	As at April 1, 2016
Term loans			
Secured			
from banks	1,056.37	681.85	-
Unsecured			
from banks	-	-	113.46
	1,056.37	**681.85**	**113.46**
Less: Current maturities of long-term debt	(268.87)	(25.48)	(81.61)
Less: Unamortised upfront fee	(7.04)	(9.97)	-
Non-current borrowings	**780.46**	**646.40**	**31.85**

(ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Payable on demand			
Secured			
Working capital loans from banks	1,616.38	924.50	922.92
Working capital loans from banks- in foreign currency	1,480.40	1,707.11	595.11
Unsecured			
Working capital loans from banks	-	-	149.96
Loans from related parties (refer note: 42)	493.75	533.25	509.37
Total current borrowings	**3,590.53**	**3,164.86**	**2,177.36**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note no.15: Deferred tax assets (net)

The balance comprises temporary differences attributable to:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax assets / (liabilities)			
On property, plant and equipment and intangible assets	1,784.05	1,779.13	1,771.61
MAT credit entitlement	(29.65)	(29.65)	-
Deferred tax transition cost	2.46	3.45	-
Provision for expected credit losses	(117.11)	(49.72)	(45.31)
Unabsorbed depreciation	(19.91)	(13.82)	-
Expenses allowable on the basis of payment	(246.36)	(240.36)	(228.01)
Deferred tax assets (net)	**1,373.48**	**1,449.03**	**1,498.29**

Movement in deferred tax 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 1, 2016	**1,771.61**	**(228.01)**	**(45.31)**	**-**	**-**	**-**	**1,498.29**
Adjustment on acquisition of Premier Wire Products Limited as on June 30,2016	-	-	-	-	29.65	(2.39)	27.26
Charged / (credited):							
- to profit or loss	7.52	(46.80)	(4.41)	3.45	(59.30)	(11.43)	(110.97)
- to other comprehensive income		34.45					34.45
As at March 31, 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**

Note 16: Provisions

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Employee benefit obligations				
i)	**Non current**			
	Gratuity [refer note: 24 (a)]	49.68	141.56	127.61
	Leave encashment	228.29	180.28	106.05
	Total	**277.97**	**321.84**	**233.66**
ii)	**Current**			
	Gratuity [refer note: 24 (a)]	109.00	37.40	23.59
	Leave encashment	83.36	34.47	9.68
	Total	**192.36**	**71.87**	**33.27**

Note 17: Other financial liabilities

i) Non current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Dealership deposits	37.20	47.20	72.20
Earnest money deposits	1.60	1.65	1.15
	38.80	48.85	73.35

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturities of long-term borrowings	268.87	25.48	81.61
Interest accrued	58.75	86.69	53.97
Unpaid dividend (refer note: 17.1)	24.41	21.20	20.38
Capital creditors	165.24	115.55	39.79
Interim dividend payable	-	-	8.67
Employee benefits payable	577.56	778.93	435.17
Creditors for expenses	284.17	212.27	178.44
Total other financial liabilities	**1,379.00**	**1,240.12**	**818.03**

Note 17.1: Unpaid dividend account represents dividend amount unclaimed and no amount is due for deposit in Investor Education and Protection Fund

Note 18: Other liabilities

i) Non current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred revenue arising from government grant	5.86	6.78	-
Total other non current liabilities	**5.86**	**6.78**	**-**

ii) Current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Statutory taxes payable	331.23	314.71	250.03
Advance from customers	415.43	273.39	590.44
Total other current liabilities	**746.66**	**588.10**	**840.47**

Note 19: Current tax liabilities (net)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current tax (Net of prepaid taxes: 2,034.94 lakhs, 2017: ₹ 1,369.52 lakhs, 2016: ₹ 246.07 lakhs)	261.12	441.87	198.93
Interest on income tax	48.06	39.15	16.65
Total current tax liabilities (net)	**309.18**	**481.02**	**215.58**

Note 20: Revenue from operations

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	25,347.85	23,572.31
Sale of traded goods	345.45	109.88
Sale of services	2,206.44	2,333.79
Other operating revenue	114.69	160.00
Sale of Scrap	16.48	-
Total revenue from operations	**28,030.91**	**26,175.98**

Note 21: Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income from financial assets at amortised cost	204.20	33.73
Profit on sale of property, plant & equipment	-	0.43
Net gain on foreign currency transactions and translations	-	19.49
Deferred government grant income	0.91	0.91
Provision for liabilities no longer required, written back	14.68	1.59
Other non-operating income	2.73	13.35
Total other income	**222.52**	**69.50**

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, 2018	For the year ended March 31, 2017
Raw materials at the beginning of the year	1,619.54	1,218.85
Add: Purchases	16,181.25	13,380.61
Less: Raw materials at the end of the year	(1,966.91)	(1,619.54)
Total cost of raw materials consumed	**15,833.88**	**12,979.92**

Note 23: Changes in inventories of finished goods, work-in-progress and scrap

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Finished goods	274.24	181.58
Work-in-progress	879.89	392.51
Scrap	8.77	14.26
Total opening stock	**1,162.90**	**588.35**
Closing stock		
Finished goods	259.53	274.24
Work-in-progress	756.59	879.89
Scrap	10.23	8.77
Total closing stock	**1,026.35**	**1,162.90**
Changes in inventories of finished goods, work-in-progress and scrap	**136.55**	**(574.55)**

Note 24: Employee benefits expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages, bonus and other allowances	4,874.51	4,543.79
Contribution to provident fund and other funds	365.67	303.27
Contribution to ESI	31.63	17.94
Staff welfare expenses	207.16	189.06
Total employee benefits expense	**5,478.97**	**5,054.06**

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 and no 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) to 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 and no constructive obligation.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's Contribution to Provident Fund	285.17	251.20
Employer's Contribution to ESI	31.72	17.98

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

(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 retirement/termination is the employees 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 recognized 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, 2018	**For the year ended March 31, 2017**
Defined benefit obligation at beginning of the year	790.12	630.55
Current service cost	64.17	51.72
Interest Cost	61.70	48.75
Actuarial (gain) / loss	116.79	101.19
Benefits paid	(82.35)	(42.09)
Defined benefit obligation at year end	950.43	790.12

B) Reconciliation of opening and closing balances of fair value of plan assets

	Gratuity (funded)	
	For the year ended March 31, 2018	**For the year ended March 31, 2017**
Fair value of plan assets at beginning of year	614.04	467.67
Expected return on plan assets	54.27	43.77
Actuarial (gain) / loss	(4.27)	(1.21)
Employer's contribution	204.48	145.90
Benefits paid	(82.35)	(42.09)
Fair value of plan assets at year end	786.17	614.04

C) Reconciliation of fair value of assets and obligations

	As at March 31, 2018	**As at March 31, 2017**
Fair value of plan assets	786.17	614.04
Present value of obligation	950.43	790.12
Amount recognised in balance sheet, surplus/(deficit)	**(164.26)**	**(176.08)**

D) Expenses recognised during the year

	Gratuity (funded)	
	For the year ended March 31, 2018	**For the year ended March 31, 2017**
In income statement		
Current service cost	64.17	51.72
Interest cost	61.70	48.76
Return on plan assets	(54.27)	(43.77)
Net cost	**71.60**	**56.71**
In other comprehensive income		
Actuarial (gain) / loss	121.33	95.49
Net (income) / expense for the year recognised in OCI	**121.33**	**95.49**

(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, 2018	For the year ended March 31, 2017
Discount rate	8.25%	8%
Salary growth rate	4%	4%
Withdrawal rate	2%	2%
Retirement age	55 Years	55 Years
Average balance future services	19.42	16.21
Mortality table(Life Insurance Corporation)	2006-08	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, 2018
Defined benefit obligation	950.43
Discount rate:(% change compared to base due to sensitivity)	
Increase : +1%	886.48
Decrease: -1%	1,022.47
Salary growth rate: (% change compared to base due to sensitivity)	
Increase: +1%	1,030.33
Decrease: -1%	878.60
Withdrawal rate: (% change compared to base due to sensitivity)	
Increase: +1%	968.10
Decrease: -1%	930.91

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 10.79 years. The expected cash flows over the years is as follows:

Particulars	As at March 31, 2018
Defined benefit obligation - gratuity	
Less than a year	107.80
Between 2-5 years	273.69
Over 6 years	553.60
Total	**935.09**

Notes to Consolidated 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.

Note 25: Finance costs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest and finance charges on financial liabilities carried at amortised cost	338.66	263.79
Interest on income tax	8.85	22.50
Other borrowing costs	173.49	147.05
Total Finance costs	**521.00**	**433.34**

Note 26: Depreciation and amortisation expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment	391.66	355.96
Amortisation of intangible assets	1.63	1.40
Total depreciation and amortisation expense	**393.29**	**357.36**

Note 27: Research and development expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials consumed	15.78	11.85
Salaries, wages, bonus and other allowances	65.54	88.16
Contribution to provident and other funds	4.55	6.26
Contribution to ESI	0.09	0.04
Contribution for scientific research	-	3.15
Total research and development expenses	**85.96**	**109.46**

Note 28: Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	140.34	120.92
Packing materials consumed	655.13	450.45
Power and fuel	447.62	368.56
Repairs and maintenance		
Plant and machinery	565.98	539.16
Buildings	39.50	35.47
others	125.11	204.32
Insurance	97.69	81.97
Excise duty movement adjustment in finished goods	(34.73)	13.30
Rent	29.85	17.44
Rates and taxes, excluding taxes on income	59.70	89.35
Professional and consultancy charges	95.93	75.37
Directors sitting fees	11.70	8.60

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Printing and stationery	25.32	23.58
Communication expenses	21.11	23.77
Travelling and conveyance	301.11	280.09
Vehicle maintenance	17.35	20.87
Sales commission	249.61	212.28
Advertisement	6.11	2.88
Other selling expenses	39.99	40.41
Carriage outward	165.98	214.10
Technical knowhow expenses	13.48	5.68
Sales promotion expenses	2.68	6.92
Net loss on foreign currency transactions and translations	66.66	-
Bank charges	23.93	14.11
Payments to Auditors [refer note: 28 (a) below]	15.94	25.47
Loss on sale of property, plant & equipment	1.87	-
Book deficit on assets discarded	0.32	3.39
Bad debts written off	-	0.42
Preliminary expenses	-	0.15
Expected credit loss	191.47	12.74
Donations	2.10	8.18
Corporate social responsibility [refer note: 28 (b) below]	33.19	26.89
General expenses	235.21	213.26
Total other expenses	**3,647.25**	**3,140.10**

Note 28 (a): Details of payments to auditors

	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to auditors		
As statutory auditor	7.50	7.61
For quarterly reviews	4.50	6.50
For certification	0.10	1.95
Income tax matters	-	2.85
Taxation matters	-	5.10
Re-imbursement of expenses	1.49	1.46
Subsidiary auditors		
As statutory auditor	2.35	-
Total payments to auditors	**15.94**	**25.47**

Note 28 (b): Corporate social responsibility (CSR) expenditure

	For the year ended March 31, 2018	For the year ended March 31, 2017
Amount required to be spent as per section 135 of the Act	33.13	26.81
Amount spent during the year on		
(i) Construction of skill development centre	-	-
(ii) On purpose other than (i) above:		
Promoting education	5.99	4.89
Promoting healthcare	24.20	20.00
Women empowerment	1.00	-
Others	2.00	2.00
	33.19	26.89

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

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.

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Income tax expense		
Current tax		
Current tax on profits for the year	538.42	812.94
Total current tax expense	**538.42**	**812.94**
Deferred tax		
to profit or loss	(117.90)	(110.97)
to other comprehensive income	42.35	34.45
Total deferred tax expense/(benefit)	**(75.55)**	**(76.52)**
Income tax expense	**462.87**	**736.42**
Income tax expense attributable to		
Profit from continuing operations	462.87	713.98
Profit from discontinued operations	-	22.44
	462.87	**736.42**
(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate		
Profit from operations before income tax expenses	**1,264.12**	**2,312.85**
Income tax expenses		
Tax at the Indian tax rate of 34.608% (2016-17: 34.608%)	437.49	800.43
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	12.00	16.51
Tax effect of slump sale taxation on discontinued operations (Different tax rate)	-	(25.51)
Tax effect of expenses not allowed for tax purpose	0.76	1.14
Tax effect of income allowed for tax purpose not considered in books	(16.05)	(40.29)
Tax effect of expenses relating to voluntary retirement scheme	(25.33)	(28.14)
Tax effect of items in Other comprehensive income considered for income tax	42.30	35.44
Tax effect of others	11.70	(23.16)
Income tax expenses	**462.87**	**736.42**

Note 30: Fair value hierarchy

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

Level 1: Inputs are 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 maximize 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.

Note:

The carrying amounts of trade payables, other financial liabilities, borrowings, cash and cash equivalents, other bank balances, investments, 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.

(All amounts in INR lakhs, unless otherwise stated)

Note 31: Categories of financial instruments

		Fair value hierarchy	Notes	As at					
				March 31, 2018		March 31, 2017		April 01, 2016	
				Carrying value	*Fair value	Carrying value	*Fair value	Carrying value	*Fair value
A.	**Financial assets**								
	Measured at amortised cost								
	Cash and cash equivalents	Level -3	11	238.55	238.55	111.90	111.90	367.10	367.10
	Other bank balances	Level -3	12	3,649.00	3,649.00	416.62	416.62	308.21	308.21
	Investment in Preference shares	Level -3	6	-	-	-	-	475.00	475.00
	Trade receivables	Level -3	10	9,783.89	9,783.89	5,606.34	5,606.34	4,106.33	4,106.33
	Other financial assets	Level -3	7	66.93	66.93	62.15	62.15	57.23	57.23
	Total financial assets			**13,738.37**	**13,738.37**	**6,197.01**	**6,197.01**	**5,313.87**	**5,313.87**
B.	**Financial liabilities**								
	Measured at amortised cost								
	Trade payables	Level -3		2,151.25	2,151.25	1,304.45	1,304.45	1,592.10	1,592.10
	Borrowings	Level -3	14	4,370.99	4,370.99	3,811.26	3,811.26	2,209.21	2,209.21
	Other financial liabilities	Level -3	17	1,417.80	1,417.80	1,288.97	1,288.97	891.38	891.38
	Total financial liabilities			**7,940.04**	**7,940.04**	**6,404.68**	**6,404.68**	**4,692.69**	**4,692.69**

Note 32: Financial risk management

The group's activities expose it to Credit risk, Market risk and Liquidity risk. The group emphasis on risk management and has an enterprise wide approach to risk management. The group's risk management and control procedures involve prioritization 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 group if a customer to a financial instrument fails to meet its contractual obligations. The group 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 group is managed at the group level.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The credit risk is managed by the group by establishing credit limits and continuously monitoring the credit worthiness of the customers. Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. To manage this, the group periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not Due	5,135.12	2,901.29	2,176.28
0-30 days	980.49	951.49	582.70
31-60 days	664.88	541.84	135.89
61-90 days	548.55	190.69	178.07
91-180 days	412.31	529.74	318.99
More than 181 days	2,412.45	667.93	882.54
Gross Total	**10,153.80**	**5,782.98**	**4,274.47**
Less: Expected credit loss	335.13	143.66	130.92
Net trade receivables	**9,818.67**	**5,639.32**	**4,143.55**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Following are the Expected credit loss for trade receivables under simplified approach:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Expected credit losses			
Opening balance	143.66	130.92	-
Provision made / (reversed) during the year	191.47	12.74	130.92
Closing balance	335.13	143.66	130.92

(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 group manages its market interest rates by fixed rate interest. Hence, the group 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.

Foreign Currency Risk - Sensitivity

The analysis is based on the assumption that the Foreign Currency has increased / (decreased) by 2.5% with all other variables held constant.

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, 2018	For the year ended March 31, 2017
GBP	0.08	-
AED	0.03	1.26
USD	(17.54)	(23.58)
EURO	(7.64)	2.68

Unhedged foreign currency exposure as at the reporting date

	As at March 31, 2018				
	GBP (In number)	AED (In number)	USD (In number)	EURO (In number)	Equivalent amount in INR lakhs
Trade receivable (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
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

	As at March 31, 2017				
	GBP (In number)	AED (In number)	USD (In number)	Euros (In number)	Equivalent amount in INR lakhs
Trade receivable (Receivable for supplies and services)	-	-	7,05,828	1,51,662	562.67
Advance for purchase of spares and equipment	-	-	8,117	3,09,440	219.54
Balance with banks	-	-	1,36,255	-	88.35
Advances for supplies	-	2,92,030	4,700	-	53.02
Payables for supplies and services	-	-	4,306		2.79
Working capital borrowing	-	-	23,06,075	3,05,983	1,707.11

(All amounts in INR lakhs, unless otherwise stated)

(C) Liquidity risk

Liquidity risk refers to the risk that the group 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 group'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 group 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
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
March 31, 2017				
Non current borrowings	35.45	525.00	121.40	681.85
Current borrowings	3,164.86	-	-	3,164.86
Trade and other payable	1,304.45	-	-	1,304.45
Other financial liabilities	1,263.49	-	-	1,263.49
Total financial liabilities	5,768.25	525.00	121.40	6,414.65

Note 33: Capital management

The group's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The group'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 group decides the optimum capital structure. The group aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

The group monitors the capital structure on the basis of net debt to equity ratio :

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Net debt*	776.72	3,329.42	1,635.89
Equity	20,045.15	12,666.15	10,927.32
Total capital (Net debt + Equity)	**20,821.87**	**15,995.57**	**12,563.21**
Gearing ratio (Net debt / Net debt plus equity)	**4%**	**21%**	**13%**

***Net debt is as follows**

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A)	Borrowings			
	Non-current borrowings	780.46	646.40	31.85
	Current borrowings	3,590.53	3,164.86	2,177.36
	Current maturity of long term debt	268.87	25.48	81.61
	Total (A)	**4,639.86**	**3,836.74**	**2,290.82**
B)	Cash and cash equivalents	238.55	111.90	367.10
	Bank balances other than cash and cash equivalents	3,624.59	395.42	287.83
	Total (B)	**3,863.14**	**507.32**	**654.93**
C)	**Net debt (A-B)**	**776.72**	**3,329.42**	**1,635.89**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 34: First-time adoption of Ind AS

Transition to Ind AS

These are the group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (group's date of transition). In preparing its opening Ind AS balance sheet, the group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation on how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

The group has elected to measure items of property, plant and equipment and intangible assets at their carrying values at the transition date except for certain class of assets which are measured at fair value as deemed cost.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind As shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial asset based on expected credit loss model.

A.2.2 Classification and measurement of financial asset

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investments in debt instruments) on the basis of the facts and circumstances that exist on the date of transition to Ind AS.

(i) Reconciliation of equity as at the date of transition, April 1, 2016 and as at March 31, 2017

	Note	Reconciliation of equity as at date of transition, April 01, 2016			Reconciliation of equity as at March 31, 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
I Non-current assets							
(a) Property, plant and equipment	7,10	3,942.27	5,570.41	9,512.68	10,551.83	(133.73)	10,418.10
(b) Capital work-in-progress		241.82	-	241.82	368.96	(0.00)	368.96
(c) Investment property		-	-	-	8.02	-	8.02
(d) Intangible assets		2.94	-	2.94	4.44	-	4.44
(e) Investments accounted through equity method	11	47.77	34.55	82.32	-	-	-
(f) Financial assets							
(i) Investments		475.00	-	475.00	-	-	-
(ii) Trade receivables		37.22	-	37.22	32.99	(0.01)	32.98
(iii)Other financial assets		57.23	-	57.23	62.15	-	62.15
(g) Other non-current assets		433.83	-	433.83	583.88	(29.65)	554.23
Total non-current assets		**5,238.08**	**5,604.96**	**10,843.04**	**11,612.27**	**(163.39)**	**11,448.88**

(All amounts in INR lakhs, unless otherwise stated)

II	**Current assets**							
	(a) Inventories		2,232.61	-	2,232.61	3,500.85	-	3,500.85
	(b) Financial assets							
	(i) Trade receivables	8	4,237.24	(130.91)	4,106.33	5,750.00	(143.66)	5,606.34
	(ii) Cash and cash equivalents	10	367.22	(0.12)	367.10	112.06	(0.16)	111.90
	(iii) Bank balances other than (ii) above		308.21	-	308.21	416.62	-	416.62
	(c) Other current assets	10	584.99	(1.00)	583.99	904.88	-	904.88
	Total current assets		**7,730.27**	**(132.03)**	**7,598.24**	**10,684.41**	**(143.82)**	**10,540.59**
	TOTAL ASSETS		**12,968.35**	**5,472.93**	**18,441.28**	**22,296.68**	**(307.21)**	**21,989.47**
EQUITY AND LIABILITIES								
III	**Equity**							
	(a) Equity share capital		885.86	-	885.86	885.86	-	885.86
	(b) Other equity		5,656.83	4,384.63	10,041.46	12,995.41	(1,378.86)	11,616.55
	Equity attributable to equity share holders of parent		**6,542.69**	**4,384.63**	**10,927.32**	**13,881.27**	**(1,378.86)**	**12,502.41**
	Non controlling Interest		-	-	-	171.91	(8.17)	163.74
	Total equity		**6,542.69**	**4,384.63**	**10,927.32**	**14,053.18**	**(1,387.03)**	**12,666.15**
IV	**Non-current liabilities**							
	(a) Financial liabilities							
	(i) Borrowing	4	31.85	-	31.85	656.37	(9.97)	646.40
	(ii) Trade payables		73.35	-	73.35	48.85	-	48.85
	(b) Other non current liabilities	2	-	-	-	-	6.78	6.78
	(c) Provisions	10	233.84	(0.18)	233.66	321.84	-	321.84
	(d) Deferred tax liabilities (net)	6	408.50	1,089.79	1,498.29	361.67	1,087.36	1,449.03
	Total non-current liabilities		**747.54**	**1,089.61**	**1,837.15**	**1,388.73**	**1,084.17**	**2,472.90**
V	**Current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings		2,177.36	-	2,177.36	3,164.86	-	3,164.86
	(ii) Trade payables	10	1,592.11	(0.01)	1,592.10	1,308.80	(4.35)	1,304.45
	(iii) Other financial liabilities	10	819.04	(1.01)	818.03	1,240.12	-	1,240.12
	(b) Other current liabilities	10	840.57	(0.10)	840.47	588.10	-	588.10
	(c) Provisions	10	33.46	(0.19)	33.27	71.87	-	71.87
	(d) Current tax liabilities (net)		215.58	-	215.58	481.02	-	481.02
	Total current liabilities		**5,678.12**	**(1.31)**	**5,676.81**	**6,854.77**	**(4.35)**	**6,850.42**
	TOTAL EQUITY AND LIABILITIES		**12,968.35**	**5,472.93**	**18,441.28**	**22,296.68**	**(307.21)**	**21,989.47**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(i) Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	Previous GAAP	Adjustments	Ind AS
Revenue from operations	3(i), 9(i)	23,820.30	2,355.68	26,175.98
Other Income		72.67	(3.17)	69.50
Total Income		**23,892.97**	**2,352.51**	**26,245.48**
Expenses				
Cost of raw materials consumed		12,979.92	-	12,979.92
Purchase of stock in trade		108.84	-	108.84
Changes in inventories of finished goods, stock-in-trade and work-in-progress	3(ii)	(561.26)	(13.29)	(574.55)
Excise duty	3(i)	-	2,397.54	2,397.54
Employee benefits expense	5	5,157.71	(103.65)	5,054.06
Finance costs	4	443.31	(9.97)	433.34
Depreciation and amortization expense	9(i)	368.95	(11.59)	357.36

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

	Note	Previous GAAP	Adjustments	Ind AS
Research and development expenses		109.46	-	109.46
Other expenses	9(i), 10	3,125.81	14.29	3,140.10
Total expenses		**21,732.74**	**2,273.33**	**24,006.07**
Profit before exceptional item and tax from continuing operations		**2,160.23**	**79.18**	**2,239.41**
Add : Exceptional item	9(ii)	58.15	(58.15)	-
		2,218.38	**21.03**	**2,239.41**
Share of (loss) from joint venture	10	-	(4.47)	**(4.47)**
Profit before tax from continuing operations		**2,218.38**	**16.56**	**2,234.94**
Income tax expense				
Current tax		779.39	11.11	790.50
Deferred tax		(70.39)	(6.13)	(76.52)
Total tax expense		**709.00**	**4.98**	**713.98**
Profit after tax from continuing operations		**1,509.38**	**11.58**	**1,520.96**
Profit after tax from discontinued operations				
Profit after tax from discontinued operations		-	19.76	19.76
Profit on disposal of discontinued operations			58.15	58.15
Tax expenses on discontinued operations			(22.44)	(22.44)
Profit after tax from discontinued operations		**-**	**55.47**	**55.47**
Profit after tax		**1,509.38**	**67.05**	**1,576.43**
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	1	-	(97.22)	(97.22)
Income tax relating to above items		-	34.45	34.45
Total comprehensive income for the year		**1,509.38**	**4.28**	**1,513.66**
Attributable to:				
Equity holders of the parent				
- Profit & loss		1,496.95	75.89	1,572.84
- Other comprehensive income		-	(63.89)	(63.89)
Non-controlling interest				
- Profit & loss		12.43	(8.84)	3.59
- Other comprehensive income		-	1.12	1.12

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(ii) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Note	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP		**14,053.18**	**6,542.69**
Adjustments			
Fair valuation as deemed cost for freehold land on transition date	7,11	-	5,604.96
Fair value adjustment	7	(133.73)	-
Borrowings recognised using effective rate of interest	4	9.97	-
Provision for expected credit losses	8	(143.66)	(130.91)
Deferred government grant recognised in opening retained earnings	2	(6.78)	-
Deferred tax on Ind AS adjustments	6	(1,117.01)	(1,089.79)
Others	10	4.18	0.36
Total adjustments		**(1,387.03)**	**4,384.62**
Total equity as per Ind AS		**12,666.15**	**10,927.31**

(All amounts in INR lakhs, unless otherwise stated)

(iii) Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	For the year ended March 31, 2017
Profit after tax as per previous GAAP		1,509.38
Adjustments		
Borrowings recognised using effective rate of interest	4	9.97
Provision for expected credit losses on trade receivable	8	(12.74)
Remeasurement of defined benefit plan	1	97.22
Deferred government grant recognised during the year	2	0.91
Deferred tax on Ind AS adjustments	6	(28.31)
Total adjustments		**67.05**
Profit after tax as per Ind AS		**1,576.43**
Other comprehensive income (net of tax)		(62.77)
Total comprehensive income as per Ind AS		**1,513.66**

(iv) There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

C: Notes to first-time adoption of Ind AS

Note 1: Remeasurements of defined benefit plan

Under Ind AS, remeasurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by ₹ 97.22 lakhs. There is no impact on the total equity as at March 31, 2017.

Note 2: Reserves and surplus

Retained earnings as at April 01, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

The parent company had received a Government grant towards Central & State Investment Subsidy with an outstanding amount of ₹ 30.57 lakhs. These amounts have been transferred to retained earnings since the assets related to the grant have been fully depreciated as at April 01, 2016.

The subsidiary had received a government grant towards State Investment Subsidy with an outstanding amount of ₹ 15.00 lakhs. Out of this amount ₹ 7.31 lakhs proportionate to the amount depreciated on the assets related to grant have been transferred to retained earnings as at April 01, 2016 and balance amount of ₹ 7.69 lakhs transferred to Deferred government grant out of which ₹ 0.91 lakhs was impacted to statement of profit and loss.

Note 3(i): Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2017 by ₹ 2397.54 lakhs. There is no impact on the total equity and profit.

Note 3 (ii): Movement of excise duty in finished goods

Movement of excise duty in finished goods, reclassified from changes in inventories to other expenses amounting to ₹ 13.29 lakhs.

Note 4: Transaction costs on borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, finance cost and borrowings as at March 31, 2017 have been reduced by ₹ 9.97 lakhs.

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 5: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit or loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of 'other comprehensive income' did not exist under previous GAAP.

Note 6: Deferred tax

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the reserves, on the date of transition, with consequential impact to the statement of profit and loss for the subsequent periods.

Note 7: Fair value as deemed cost for property, plant and equipment

The group has considered fair value for property, viz land admeasuring over 427.34 acres and 736 square yards, situated at various locations in India, with impact of ₹ 5,570.59 lakhs in accordance with stipulations of Ind AS 101 as on transition date April 1, 2016, with the resultant impact being accounted for in the reserves. Accordingly revaluation made during financial year 2016-17 had been reversed with net impact of ₹ 133.56 lakhs.

Note 8: Trade receivables

Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Accordingly, the company impaired its trade receivables by ₹ 130.91 lakhs on April 1, 2016 which has been impacted against retained earnings and in the profit for the year ended March 31, 2017 decreased by ₹ 12.74 lakhs.

Note 9: Discontinued operations

I) Profit from discontinued operations of ₹ 19.76 lakhs which was not disclosed separately under previous GAAP, has been reclassified to profit on sale of discontinued operations as per Ind AS 105. Due to this, revenue has been reclassed by ₹ 41.86 lakhs, depreciation by ₹ 11.59 lakhs and other expenses by ₹ 10.51 lakhs. There is no impact on the total equity and profit.

ii) Profit on sale of discontinued operations of ₹ 58.15 lakhs which was disclosed as exceptional items under previous GAAP, has now been reclassified to profit on sale of discontinued operations as per Ind AS 105. There is no impact on the total equity and profit.

Note 10: Joint venture

The group as at April 1, 2016 exercised joint control over the BF Premier Energy System Private Limited. Under Indian-GAAP, the group has proportionately consolidated its interest in this entity in the consolidated financial statements. On transition to Ind AS, the group has assessed and determined that the entity is its JV under Ind AS 111 Joint Arrangements. Therefore, this needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investments are measured as the aggregate of Ind AS amount of assets and liabilities that the group had previously proportionately consolidated. Derecognition of joint venture proportionately consolidated has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

Note 11: Associate

The group as at April 1, 2016 has significant influence over Premier Wire Products Limited. On adoption of Ind AS, adjustment in the value of investment in associate resulted in an increase of ₹ 34.55 lakhs.

Note 35: Contingent liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 1,2016
On account of Letter of Credit and Guarantees issued by the bankers.	5,514.37	3,342.74	3,129.84
Sales tax demands disputed by the group pending in appeal	587.66	575.83	151.31
Income tax demands disputed by the group pending in appeal	34.39	34.39	-

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

Note 36: Commitments

	As at March 31, 2018	As at March 31, 2017	As at April 1,2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,550.13	794.06	265.97

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 37 : 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 group:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount remaining unpaid as on March 31	21.24	17.31	17.31
Interest due thereon as on March 31	NIL	NIL	NIL
Interest paid by the group 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	NIL	NIL	NIL
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	NIL	NIL	NIL
Interest accrued and remaining unpaid as at March 31	NIL	NIL	NIL
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	NIL	NIL	NIL

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

Note 38 : Segment information

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 assess the group's performance. The group is engaged in the business of "High Energy Materials" and operates in a single operating segment.

The revenue from transactions with three customers exceed 10% of the total revenue of the group for each of the two years ended March 31, 2018 and March 31, 2017.

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:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Revenue from external customers			
India	26,365.23	24,169.94	18,572.52
Rest of the world	1,888.20	2,075.54	1,759.07
Non current assets			
India	12,719.26	11,353.75	10,273.59
Rest of the world	-	-	-

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 39: Discontinued operations

(a) Description

On March 22, 2017, pursuant to approval of the board of directors, the company has transferred the wind mill division at Dindigul district, Tamilnadu to OPEL Investments Private Limited as a going concern on slump sale basis for a consideration of ₹ 298.83 lakhs.

(b) Financial performance and cash flow information

The financial performance and cash flow information is presented below:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue	**-**	**41.86**
Expenses		
Depreciation	-	11.59
Other Expenses	-	10.51
Total Expenses	**-**	**22.10**
Profit before tax	**-**	**19.76**
Income tax expense	-	-
Profit after tax	**-**	**19.76**
Gain on sale of division after income tax [see (c) below]	-	**35.71**
Profit from discontinued operations*	**-**	**55.47**
Other comprehensive income from discontinued operations	-	-
Net cash inflow from operating activities	-	16.20
Net cash inflow from investing activities	-	-
Net cash (outflow) from financing activities	-	(16.20)
Net increase in cash generated from discontinued operations	-	-

* The entire amount is attributable to the equity holders of the company.

(c) Details of the sale of the wind mill division

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale consideration received	-	298.83
Carrying amount of net assets sold	-	240.68
Gain on sale before income tax	**-**	**58.15**
Income tax expense	-	22.44
Gain on sale after income tax	**-**	**35.71**

The carrying amount of assets and liabilities as at the date of sale (March 22, 2017) were as follows:

	As at March 22, 2017
Property, plant and equipment	196.84
Trade receivables	39.25
Other current assets	6.93
Total assets	**243.02**
Other current liabilities	2.34
Total liabilities	**2.34**
Net assets	**240.68**

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 40: 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 financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interests in assets and liabilities with respect to jointly controlled entities are as follows:			
Current assets	1.73	0.32	2.23
Non-current assets	0.07	0.18	0.30
Current liabilities	(1.02)	(9.00)	(2.59)
Non-current liabilities	-	-	(0.34)
Equity	**0.78**	**(8.50)**	**(0.40)**
Proportion of the group's ownership	50%	50%	50%
Carrying amount of the investment*	0.39	-	-

Summarised statement of profit and loss

	For the year ended March 31, 2018	For the year ended March 31, 2017
Income		
Other income	**0.01**	**0.73**
Expenses		
Employee benefit expenses	-	5.43
Depreciation	0.11	0.11
Other expenses	0.62	3.27
Total expenses	**0.73**	**8.81**
Loss before tax	0.72	8.08
Tax expenses	-	-
Loss for the year	0.72	8.08
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**0.72**	**8.08**
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, 2018, March 31, 2017 and April 1, 2016		

* 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 41: The subsidiaries (which along with Premier Explosives Limited, the parent, constitute the Group) considered in the preparation of these consolidated financial statements are

	Relationship	Principal Activity	Ownership
Indian entities			
March 31, 2018			
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%
March 31,2017			
Premier Wire Products Limited	Subsidiary#	Manufacture of galvanised iron wire	80.00%
Premier Wire Products Limited	Associate*	Manufacture of galvanised iron wire	25.71%
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%
April 01,2016			
Premier Wire Products Limited	Associate	Manufacture of galvanised iron wire	25.71%
BF Premier Energy Systems Private Limited	Joint venture	Manufacture of defence products	50.00%

with effect from July 01, 2017

* up to June 30, 2017

@ Incorporated on July 15, 2016

Note 42: Related party transactions

Relationship	Name of the Related Party
(a) Enterprises where control exists 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
	Colonel Vikram Mahajan, Executive Director (resigned on November 30, 2017)
	Dr. N.V. Srinivasa Rao, Executive Director (resigned on September 30, 2016)
	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 (Retd.), Independent Director
(c) Relatives of key management personnel	Mrs. T.Malati
	Ms. T.Shruti
	Mrs. N.Surya Kumari
	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, 2018	Amount outstanding (Debit / Credit) as at March 31, 2018	Amount of transaction for the year ended March 31, 2017	Amount outstanding (Debit / Credit) as at March 31, 2017
Key management personnel:				
Short term employee benefits				
Managerial remuneration	264.96	34.14 Cr	361.87	79.32 Cr
Others				
Acceptance of unsecured loan	305.10	-	71.30	-
Dividend paid	110.91	-	-	-
Repayment of unsecured loan	344.60	493.75 Cr	47.42	533.25 Cr
Interest paid	55.35	49.82 Cr	74.18	76.82 Cr
Sitting fees	11.70	-	8.60	-
Relatives of key management personnel:				
Dividend paid	0.63	-	-	-
Concerns in which key management personnel have substantial interest (significant interest entities):				
Dividend paid	19.70	-	-	-
Concerns in which relatives of key management personnel have substantial interest (significant interest entities):				
Job work charges paid	1.78	-	-	-
Concerns in which the group has substantial interest				
Joint venture (jointly controlled entity)	-	-	-	0.19 Dr
Investment in equity shares	5.00	-	-	-

Information regarding significant transactions / balances

(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, 2018	For the year ended March 31, 2017
Acceptance of unsecured loans		
Dr. A.N.Gupta	163.00	60.50
Dr. Kailash Gupta	142.10	10.80
Interest paid		
Dr. A.N.Gupta	35.19	47.47
Dr. Kailash Gupta	20.16	26.71
Job work charges paid		
Godavari Explosives Limited	1.78	-
Managerial remuneration paid*		
Dr. A.N.Gupta#	163.61	212.09
Mr. T.V.Chowdary	69.59	73.32
Dr. N.V.Srinivasa Rao	-	33.20
Colonel Vikram Mahajan (Retd)	31.76	43.26
Repayment of unsecured loans		
Dr. A.N.Gupta	218.60	-
Dr. Kailash Gupta	126.00	43.00

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Nature of transaction / related party	For the year ended March 31, 2018	For the year ended March 31, 2017
Sitting fees		
Dr. Kailash Gupta	2.50	2.10
Mr. Anil Kumar Mehta	3.40	2.60
Mr. P.R. Tripathi	1.70	1.50
Mr. K. Rama Rao	2.00	1.40
Investment in equity shares		
BF Premier Energy Systems Private Limited	5.00	-
Dividend paid		
Dr. A.N.Gupta	76.16	-
Dr. Kailash Gupta	33.08	-
A.N Gupta (HUF)	19.70	-

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

Net of excess amount recovered ₹ 44.92 lakhs (2017-₹ 5.31 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.

Note 43: Earnings per share

		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Basic EPS**		
	Basic earnings per share attributable to the equity holders of the company		
	From continuing operations	7.72	17.17
	From discontinued operations	-	0.63
	From continuing & discontinued operations	7.72	17.80
(b)	**Diluted EPS**		
	Diluted earnings per share attributable to the equity holders of the company		
	From continuing operations	7.72	17.17
	From discontinued operations	-	0.63
	From continuing & discontinued operations	7.72	17.80
(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		
	From continuing operations	801.25	1,520.96
	From discontinued operations	-	55.47
	From continuing & discontinued operations	801.25	1,576.43
	Diluted earnings per share		
	Profit attributable to the equity holders of the company used in calculating diluted earnings per share		
	From continuing operations	801.25	1,520.96
	From discontinued operations	-	55.47
	From continuing & discontinued operations	801.25	1,576.43
(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	1,03,72,511	88,58,575
	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	1,03,77,880	88,58,575

Notes to Consolidated financial statements

(All amounts in INR lakhs, unless otherwise stated)

Note 44 : 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, 2018	As at March 31, 2017	As at April 1, 2016
Working capital loans from banks (secured)			
Primary security			
Current assets			
Financial assets	13,786.52	6,311.52	4,925.07
Non financial assets	4,406.00	4,407.92	2,978.53
Collateral security			
Non current assets			
Non financial assets	12,068.34	10,799.61	10,327.41
Towards current borrowings	**30,260.86**	**21,519.05**	**18,231.01**
Non current borrowings (secured)			
Primary security			
Non current assets	-	-	-
Non financial assets (assets purchased out of said loans)	1,310.25	893.98	-
Collateral security			
Current assets			
Financial assets	13,597.02	6,105.46	-
Non financial assets	4,182.75	4,233.79	-
Towards non current borrowings	**19,090.02**	**11,233.23**	-

Note 45: Additional information required by Schedule III

	Premier Explosive Limited	Premier Wire Products Limited	PELNEXT Defence Systems Private Limited	BF Premier Energy Systems Private Limited*	Non controlling interest	Inter-company transactions
Net assets (total assets minus total liabilities)						
Amount	19825.62	600.12	0.13	0.39	150.03	(530.75)
% of consolidated net assets	99%	3%	0%	0%	1%	-3%
Share in profit or (loss)						
Amount	873.41	(54.66)	(0.45)	(4.61)	(13.67)	1.24
% of consolidated profit or loss	109%	-7%	0%	-1%	-2%	0%
Share in other comprehensive income						
Amount	(78.76)	(0.18)	-	-	(0.04)	-
% of consolidated other comprehensive Income	100%	0%	0%	0%	0%	0%
Share in total comprehensive income						
Amount	794.65	(54.84)	(0.45)	(4.61)	(13.71)	1.24
% of consolidated total comprehensive income	110%	-8%	0%	-1%	-2%	0%

* Investment as per equity method

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

Kiran Kumar Majeti
Partner
Membership number: 220354

K.Vijayashree
Company Secretary

T.V.Chowdary
Deputy Managing Director

Secunderabad
May 23, 2018

Notice of the 38th Annual General Meeting

Notice is hereby given that the 38th 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 Thursday, 27th of September, 2018 at 10.30 a.m. to transact the following business.

Ordinary business

1. To receive, consider and adopt –

   a. The audited financial statements of the Company for the year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon.

   b. The audited consolidated financial statements of the Company for the Financial Year ended March 31, 2018.

2. To declare Dividend for the financial year 2017-18.

3. To appoint a director in place of Mr.T.V.Chowdary (DIN: 00054220), who retires by rotation and being eligible offers himself for re-appointment.

Special business

4. **Re-appointment of Dr. Amar Nath Gupta as Chairman and Managing Director**

   To consider and if thought fit, to pass with or without modification(s) the following resolution as **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 Dr. Amar Nath Gupta [DIN: 00053985] as the Chairman and Managing Director of the Company (who has attained 73 years age) for a period of 3 years with effect from 14th February, 2019 on the following terms and conditions:

   A. Salary

   Basic Salary of ₹ 12,25,000/- (Rupees Twelve Lakhs Twenty Five Thousand only) per month with an annual increment of 15% rounded off to nearest ₹ 100 due on 1st April every year.

   B. Perquisites and allowances

   In addition to basic salary mentioned above, Dr. Amar Nath Gupta, Chairman and Managing Director is entitled to the following perquisites, allowances and other benefits such that the monetary value of which 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. Utility Allowance for Gas, electricity, water, servant, security, gardener and soft furnishing at the rate of 10% of the basic salary.

   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.

   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 Chairman and Managing Director shall be paid remuneration by way of salary and perquisites as specified above as minimum remuneration.

   E. Commission

   In addition to the remuneration mentioned above, commission will be paid @ 1.5% of the Net Profits calculated in accordance with Section 198 of Companies Act, 2013

   "**RESOLVED FURTHER THAT** the Board on the recommendation of the Nomination and Remuneration Committee be and is hereby authorized to alter and vary the terms of appointment and remuneration, within the permissible limits specified under Section 197 read with the Schedule V of the Companies Act, 2013(including any statutory amendments or re-enactments, thereof, for the time being in force), and as may be agreed to by the Board and Dr. Amar Nath Gupta."

   RESOLVED FURTHER THAT the Board of Directors (or a Committee thereof constituted for this purpose) be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

5. **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**

Notice of the 38th Annual General Meeting

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, 2019, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary."

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

Secunderabad
August 9, 2018

Vijayashree.K
Company Secretary

Notes:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed hereto

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING**.

3. A person can act as proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% (ten percent) of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or Member.

4. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting along with the copy of Annual Report.

5. The Authorised Representatives of the Corporate Members are requested to bring a certified true copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 duly authorizing them to attend and vote at the Annual General Meeting.

6. The register of members and share transfer books of the Company will remain closed from 21.09.2018 to 27.09.2018 (both days inclusive).

7. The dividend of ₹ 2.50/- per share for the year ended March 31, 2018 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 20, 2018.

   (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 20, 2018.

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

9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124(5) of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund. 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 2017-18 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.

Notice of the 38th Annual General Meeting

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 pleased to offer the option of E-Voting facility to all the members of the Company, on all the resolutions set forth in the Notice. For this purpose, the Company has entered into an agreement with Karvy Computershare Private Limited for facilitating e-voting. Resolution(s) passed by members through e-voting is/are deemed to have been passed, as if; they have been passed at the AGM.

    b. Mr. K.V.Chalama Reddy, Practising company Secretary has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process.

    c. The facility of the Ballot paper shall be made available at the meeting and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.

    d. The Company will be sending communication relating to remote e-voting which inter alia would contain details about User Id and Password along with a copy of this Notice to the Members.

    e The remote e-voting period commences on **September 24, 2018 (9.00 a.m.)** and ends on **September 26, 2018 (5.00 p.m.).** During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date of **September 20, 2018** may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

    f. The Scrutinizer shall after the conclusion of voting at the AGM will first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

    g. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company-www.pelgel.com and on the website of Karvy https://evoting.karvy.com, immediately after the declaration of the result by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the Bombay Stock Exchange and the National Stock Exchange.

Notice of the 38th 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 24, 2018 @ 9.00 a.m.** to September **26, 2018 @ 5.00 p.m.**

v) After entering these details appropriately, click on "LOGIN".

vi) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z).one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through **Karvy Computershare Private Limited e-Voting platform.** System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii) You need to login again with the new credentials.

viii) On successful login, system will prompt to select the 'Event' i.e., **'Premier Explosives Limited'.**

ix) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.

x) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ ABSTAIN' for voting .Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'

xi) After selecting the resolution you have decided to vote on, click on "SUBMIT".A confirmation box will be displayed .If you wish to confirm your vote, click on "OK", else to change your vote, click on " CANCEL "and accordingly modify your vote.

xii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xiii) Corporate/Institutional Members (corporate /Fls/Flls/ Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to kvcr133@gmail.com copy to evoting@karvy.com. The 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 9, 2018

Vijayashree.K
Company Secretary

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Dr. Amar Nath Gupta, aged 73 years, is the founder, promoter, Chairman and Managing Director of the Company having over 43 years experience in manufacture, design & application of high energy materials. He is a gold medallist in Mining Engineering and has won laurels for his professional skills. He is responsible for the management of the overall operations of the Company, and has been instrumental in enabling the Company to diversify and expand its operations. He is actively involved in long term strategy formulation and in exploring new growth avenues for the Company. By virtue of good liaison with reputed manufacturers and customers, his invaluable consultancy services are of paramount significance to the Company. The Company under his able guidance was the first to set up a manufacturing unit with totally indigenous commercial explosive technology. He has driven the Company towards becoming the first private sector manufacturer in India to develop and supply solid propellants to the country's prestigious missile programmes.

The present term of appointment of Dr. Amar Nath Gupta [DIN: 00053985], Chairman and Managing Director will expire on February 13, 2019. He has excellent knowledge and experience in Mining Engineering & technology along with the general management of the Company. Keeping in view his knowledge of various aspects relating to Company's affairs and vast experience, the Board of Directors are of the opinion that for the smooth and efficient running of the business, his services are imperative and should be continued in the Company for a further period of 3 years with effect from February 14, 2019.

In terms of the provisions of Companies Act, 2013 and Articles of Association of the Company, the Nomination and Remuneration Committee and the Board of Directors have, at their meeting held on May 23, 2018, subject to the approval of shareholders and Central Government, if any required, re-appointed him as Chairman and Managing Director for a period of 3 years with effect from February 14, 2019.

A Brief profile along with other details of Dr. Amarnath Gupta is provided in the Report on Corporate Governance forming part of the Annual Report.

Approval of the Members is being sought by way of Special Resolution for Reappointment of Dr. Amar Nath Gupta as Chairman and Managing Director, who has attained the age of Seventy Three Years at the time of this reappointment and also, in the event of losses or Inadequacy of profits incurred by the Company during his tenure, for payment of remuneration within the limits prescribed in terms of Section II (A) of Part II of Schedule V of the Companies Act, 2013.

Your Directors recommend the same and the resolution may be passed as a special resolution.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Dr. Amar Nath Gupta and Dr. (Mrs.) Kailash Gupta is interested or concerned in the said resolution.

Statement to Item No.4

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

I. General Information

1	Nature of Industry	• Manufacture of high energy materials used in mining, infrastructure, defence and space applications • Operations and maintenance services for solid propellant plants of defence and space establishments
2	Date or expected date of commencement of commercial production	September 9,1980
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
4	Financial performance based on given indicators	For Financial Year 2017-18 Total Revenue: ₹ 27350.70 Lakhs Profit before tax: ₹ 1343.94 Lakhs Profit after Tax: ₹ 873.41 Lakhs
5	Foreign investments or collaborations, if any	None

Notice of the 38th Annual General Meeting

II. Information about the appointees:

Dr. Amar Nath GUPTA

1	Background details	Age: 73 years Qualification : M.Sc. (Mining Engineering) from Indian School of Mines, Dhanbad Distinction: 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.
2	Past Remuneration	₹ 208.53 lakhs (2017-18)
3	Recognition or Awards	Received ''Honorary Fellowship' from High Energy Materials Society of India Recipient of 'Pickering and ISM Medal' from Indian School of Mines, Dhanbad Received Gold Medal from Mining Geological and Metallurgical Institute of India for best paper for the year 1977-78 Was Chairman of Explosives Development Council and Chairman of Explosives Manufacturers Association of India
4	Job profile and his suitability	Chairman and Managing Director Founder-promoter Steered the Company from commercial explosives to technology-products like solid propellants for missile programs Promoted R&D in the Company giving results like receiving DRDO's Technology Absorption Award from Prime Minister of India Responsible for development and production of safer and green detonators using NHN as primer in place of conventional ASA. Has made distinguished contributions to the field of science and technology leading to conferment of Doctor of Science.
5	Remuneration proposed	As mentioned in the resolution in Item No.4
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar directors, in other companies.
7	Pecuniary relationship directly or indirectly with the company, or relationship with other Directors, manager and other key managerial personnel, if any.	Shareholder with 23.87% Related to Dr. (Mrs.) Kailash Gupta, Director

Notice of the 38th Annual General Meeting

III. **Other Information**:

1	Reasons of loss or inadequate profits	Major reason for decline in profit is decline in selling prices of explosives. Thus, raw materials cost has gone up from 59% of sale of products in 2016-17 to 65% in 2017-18. Other reasons include Expected Credit Loss provided which is not a cash expense but has been made upon adoption of Ind AS from 2017-18. Finance cost has gone up as increased turnover required higher working capital and some of the receivables have taken longer time to realise.
2	Steps taken or proposed to be taken for improvement	Pace of execution of orders is being expedited. Measures have been taken to reduce the expenses without compromise on operating efficiencies.
3	Expected increase in productivity and profits in measurable terms.	Building new facilities for enhancing solid propellant manufacturing capacities Obtaining Transfer of Technology (ToT) for manufacture of solid propellants for certain missiles which have been imported by the country till now Expediting the required clearances for manufacture of Ammonium Perchlorate and Lining which are expected to add revenue or facilitate in-house production of raw materials Participated in tenders floated by Ministry of Defence for manufacture of Ammunition for which the company has tied up with international players Approval for a defence product is in advanced stage which is one of the first Indigenously Designed Developed and Manufactured (IDDM) products Restructuring marketing set up to enhance overall effectiveness Considering the medium term benefits from the Voluntary Retirement Scheme in 2015-16, the company is taking steps for another VRS in 2018-19 which will help flexibility in deployment of workforce and also to provide opportunity to younger human resource

Item No.5

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. S. S. Zanwar & Associates as the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year ending March 31, 2019 at a remuneration of ₹ 1.20 lakhs.

In accordance with the provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2019.

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.5 of the Notice.

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

Secunderabad
August 9, 2018

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 38th Annual General Meeting of the Company, to be held on Thursday, the 27th September, 2018 at 10:30 A.M at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl.No.	Resolutions	Optional*	
		For	Against
ORDINARY BUSINESS			
1	a. Adoption of audited financial Statements, and the reports of the Board of Directors and Auditors, for the year ended 31st March, 2018. b. Adoption of the audited consolidated financial statements of the Company for the year ended 31st March, 2018.		
2	Declaration of Dividend for the year 2017-18		
3	Re-appointment of Mr.T.V.Chowdary (DIN:00054220), as Director who retires by rotation.		
SPECIAL BUSINESS			
4	Re-appointment of Dr.Amarnath Gupta (DIN:00053985) as Chairman and Managing Director.		
5	Approval to the remuneration payable to the Cost Auditors		

Signed this .... Day of ....2018.

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

38TH ANNUAL GENERAL MEETING -SEPTEMBER 27TH, 2018 AT 10:30 A.M.

DP Id.		Name & Address of the registered Shareholder
Client Id/Regd. Folio No.		
No.of Shares held		

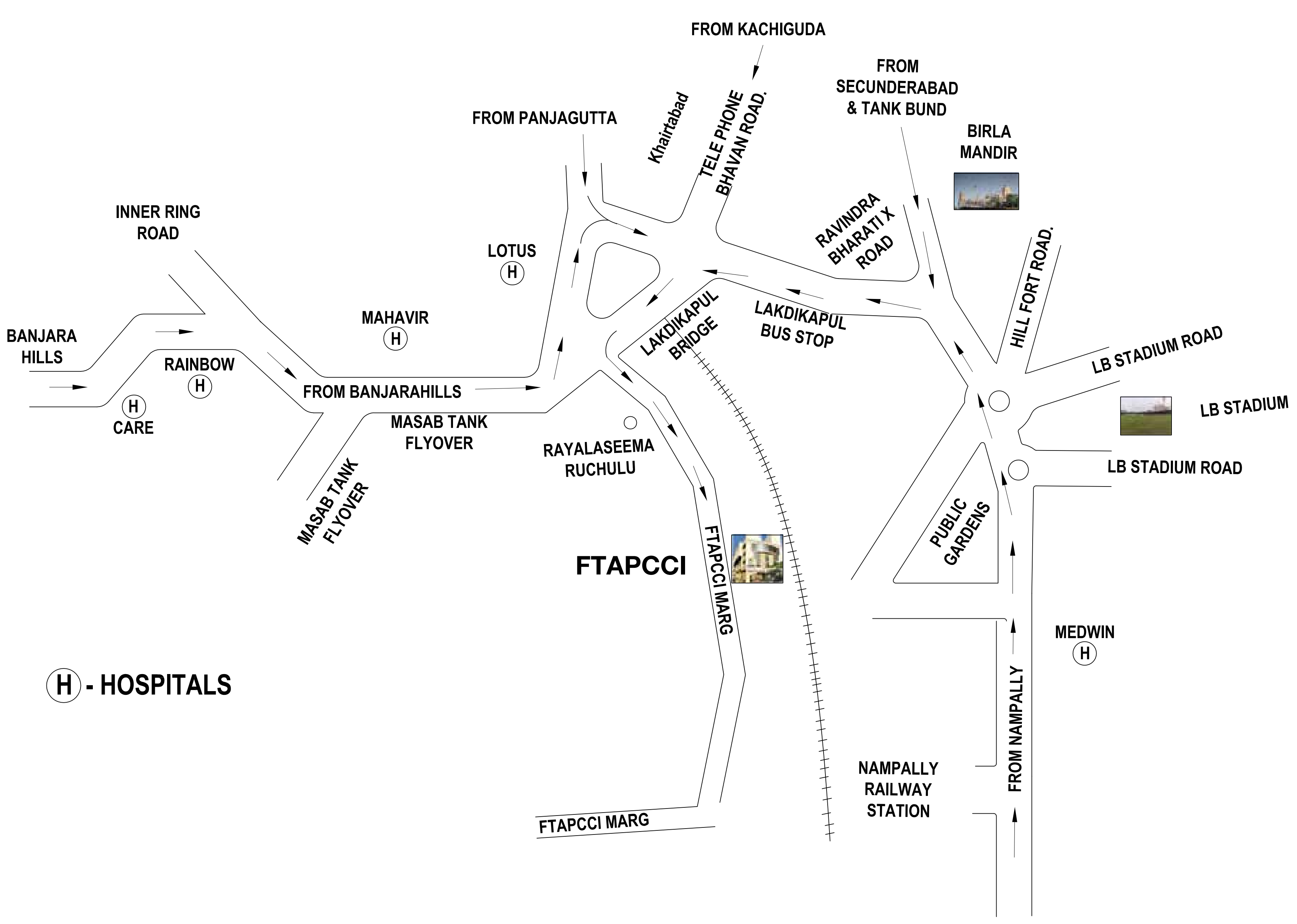
I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 38th Annual General Meeting of the Company being held at Surana Udyog Auditorium, FTAPCCI, 11-6-841, Red Hills, Hyderabad - 500 004, Telangana, on Thursday, 27th September, 2018 at 10.30 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



TEN YEARS
AT A GLANCE

(₹ in lakhs)

Statement of Profit and Loss	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Operating revenue (net of excise duty)	**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	6,966.02
Other income	**220.49**	66.82	46.45	74.04	140.67	206.47	169.89	204.33	173.59	111.35
Total revenue (net)	**26,811.34**	23,138.44	18,545.10	15,023.20	14,681.05	11,145.82	11,001.42	9,642.69	9,062.44	7,077.37
EBIDTA	**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	1,437.61
Other income	**220.49**	66.82	46.45	74.04	140.67	206.47	169.89	204.33	173.59	111.35
Depreciation	**(363.35)**	(346.42)	(332.39)	(330.07)	(235.22)	(214.50)	(186.66)	(176.61)	(147.65)	(120.75)
Finance costs	**(514.84)**	(437.33)	(374.49)	(236.08)	(236.15)	(179.89)	(101.62)	(140.21)	(153.24)	(279.04)
Profit before exceptional items and tax	**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	1,149.17
Exceptional items	**-**	58.15	(269.46)	-	-	(37.06)	39.20	-	(740.97)	(537.01)
Profit before tax	**1,343.94**	2,180.60	830.84	762.23	1,295.50	743.59	1,659.46	1,504.98	1,298.50	612.16
Tax	**(470.53)**	(705.51)	(263.33)	(230.18)	(374.19)	(209.67)	(465.36)	(503.46)	(704.18)	(326.10)
Profit for the year	**873.41**	1,475.09	567.51	532.05	921.31	533.92	1,194.10	1,001.52	594.32	286.06
Other comprehensive income (net)	**(78.76)**	-	-	-	-	-	-	-	-	-
Total comprehensive income	**794.65**	1,475.09	567.51	532.05	921.31	533.92	1,194.10	1,001.52	594.32	286.06
EBIDTA / Operating revenue	**7.5%**	12.3%	9.5%	8.4%	11.2%	8.9%	16.1%	17.1%	24.4%	20.6%
PBT / Total revenue	**5.0%**	9.4%	4.5%	5.1%	8.8%	6.7%	15.1%	15.6%	14.3%	8.6%
PAT / Total revenue	**3.3%**	6.4%	3.1%	3.5%	6.3%	4.8%	10.9%	10.4%	6.6%	4.0%

Balance sheet	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	31-Mar-09
Non-current assets										
Fixed assets and Intangible assets	**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	2,978.48
Depreciation and Amortisation	**(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)	(944.16)
Capital work in progress	**1,579.17**	368.96	241.82	41.40	166.17	91.69	119.53	43.73	-	-
	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	2,034.32
Investment property	**8.02**	8.02								
Investments	**531.00**	526.00	525.00	520.00	520.00	520.00	45.00	45.00	147.53	103.16
Other non-current assets	**730.20**	630.23	511.46	329.93	407.87	548.48	828.86	573.54	375.61	182.88
Current assets	**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	2,954.83
Total assets	**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	5,275.19
Share capital	**1,063.71**	885.86	885.86	885.86	835.86	812.75	812.70	812.55	812.39	812.27
Other equity / Resesrves and surplus	**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	1,596.32
Share warrants	**148.80**	-	-	-	77.21	-	-	-	-	-
Networth	**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	2,408.59
Non-current liabilities										
Liabilities and provisions	**1,088.14**	1,017.50	338.86	316.02	515.10	593.29	423.27	312.12	416.54	882.66
Deferred tax liability	**1,354.17**	339.01	408.50	587.27	638.59	562.56	484.26	474.18	415.90	292.66
Current liabilities	**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	1,691.28
Equity and liabilities	**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	5,275.19
Return on capital employed	**8.3%**	17.4%	16.5%	14.1%	22.3%	15.4%	32.3%	37.6%	39.8%	24.9%
Return on networth	**4.0%**	10.7%	8.7%	8.6%	16.1%	11.0%	26.2%	27.9%	21.1%	11.9%
Debt / equity	**0.12**	0.10	0.11	0.15	0.20	0.24	0.20	0.22	0.30	0.49
Current ratio	**2.13**	1.50	1.36	1.50	1.43	1.36	1.49	1.33	1.26	1.75

Per share	2016-17	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Book value per share - Rs.	**184.98**	154.93	73.88	69.89	67.54	59.62	55.98	44.19	34.60	29.63
Earnings per share - Rs.	**8.42**	16.65	6.41	6.10	11.25	6.57	14.69	12.33	7.32	3.52
Dividend per share - Rs.	**2.50**	3.00	2.00	2.00	2.70	2.50	2.50	2.00	2.00	1.50
No. of shareholders	**10,258**	9,715	9,085	8,811	5,895	6,135	6,307	7,306	6,911	8,660

Note: *Figures pertaining to 2017-18 are as per Ind AS.*

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