



**AKSHAY RATHI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

119, LENDRA PARK, NEAR DR. GOLHOR  
HOSPITAL, RAMDASPETH, NAGPUR-440 010  
PH. : +91-712-2555017

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **ECONOMIC EXPLOSIVES LIMITED**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Economic Explosives Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Financial Statements**

2. 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 financial statements to 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. In conducting our Audit, we have taken into account the provisions of the Act and the Rules made there under including 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 there under and the order issued u/s 143(11) of the Act.
5. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

#### **Opinion**

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

#### **Report on Other Legal and Regulatory requirements**

9. 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 check 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.
10. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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" to this report. Our report expresses an unmodified opinion on 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- I. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its financial statements.
  - II. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses.
  - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

**For Akshay Rathi & Associates**

Chartered Accountants

Firm's Registration Number: 139703W



Akshay Rathi  
Proprietor  
Membership No. 161910



Place: Nagpur

Date: May 10, 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 to the Members of Economic Explosives Limited 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")**

1. We have audited the internal financial controls over financial reporting of **Economic Explosives Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



### Meaning of Internal Financial Controls Over Financial Reporting

6. 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
- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - b. 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 authorizations of management and directors of the company; and
  - c. provide reasonable assurance regarding prevention or timely detection of unauthorized 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

7. 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.

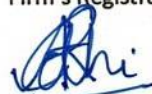
### Opinion

8. 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 internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India..

### For Akshay Rathi & Associates

Chartered Accountants

Firm's Registration Number: 103031W



Akshay Rathi  
Proprietor

Membership No. 161910

Place: Nagpur

Date: May 10, 2018



**“Annexure B” referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory requirements” of our report of even date.**

**Re: Economic Explosives Limited (“the Company”)**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.  
(c) According to the information and explanation given by the management, the title deeds of immovable properties included in Property, plant and equipment are held in the name of the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- iii. According to information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- 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 Act, in respect of the loans and investments made, and guarantees and security provided by it.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. Accordingly clause 3 (v) of the Order is not applicable to the Company.
- 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, undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.



b. According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c. According to the records of the Company, the dues outstanding of income-tax, duty of excise, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amt under dispute not deposited (Amount in Rs. Crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	0.04	2012-2013	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty	0.07	2015-2017	Commissioner (Appeal), Nagpur
Central Excise Act, 1944	Excise duty	0.06	Aug'05-Mar'07	Commissioner (Appeal), Nagpur
Income Tax Act, 1961	Income tax	0.05	2012-2013	Commissioner of Income Tax (Appeals), Nagpur

- 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 bank or Government as at the balance sheet date. The Company did not have any outstanding dues in respect of financial institutions and debenture holders.
- ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of Initial Public offer or further public offer (including debt instruments).
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that 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. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies 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. According to the information and explanations given by the management, transactions with the



related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- xiv. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him as referred to in section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us, 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 Akshay Rathi & Associates**

Chartered Accountants

Firm's Registration Number: 103031W



Akshay Rathi  
Proprietor  
Membership No. 161910



Place: Nagpur

Date: May 10, 2018



Economic Explosives Limited  
Balance Sheet as at March 31, 2018  
(All amounts in Rs. Crores, unless otherwise stated)

Balance Sheet as at	Notes	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	292.71	289.96
Capital work-in-progress	3A	39.77	5.29
Intangible assets	3B	21.01	6.54
Intangible in progress	3B	10.56	-
<b>Financial assets</b>			
Investments	4	-	-
Loans	5	-	-
Other financial assets	6	7.62	4.78
Other non-current assets	9	6.11	5.29
<b>Total non-current assets</b>		<b>377.78</b>	<b>311.86</b>
<b>Current assets</b>			
Inventories	10	35.06	23.30
<b>Financial assets</b>			
Investments	4	6.15	-
Trade receivables	7	52.70	38.43
Cash and cash equivalents	8	0.95	1.53
Bank balances other than cash and cash equivalents	8	5.79	5.61
Loans	5	0.46	1.90
Other financial assets	6	11.95	17.71
Other current assets	9	12.69	5.77
<b>Total current assets</b>		<b>125.75</b>	<b>94.25</b>
<b>Total assets</b>		<b>503.53</b>	<b>406.11</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	4.80	4.80
Other equity	A	327.52	282.83
<b>Total equity</b>		<b>332.32</b>	<b>287.63</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	12	69.11	43.98
Deferred tax liabilities	13	16.80	13.75
<b>Total non-current liabilities</b>		<b>85.91</b>	<b>57.73</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	12	26.14	26.05
Trade payables	14	5.31	3.48
Other financial liabilities	15	46.73	24.79
Liability for current tax (net)		1.18	1.40
Other current liabilities	16	4.24	3.80
Provisions	16A	1.70	1.23
<b>Total current liabilities</b>		<b>85.30</b>	<b>60.75</b>
<b>Total liabilities</b>		<b>171.21</b>	<b>118.48</b>
<b>Total equity and liabilities</b>		<b>503.53</b>	<b>406.11</b>

Summary of significant accounting policies 2.1  
The accompanying notes form an integral part of the standalone financial statements


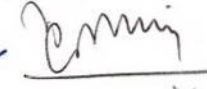
As per our report of even date attached  
For Akshay Rathi & Associates  
Chartered Accountants  
ICAI Firm's Registration Number: 139703W

  
Akshay Rathi  
Proprietor  
Membership No.: 161910





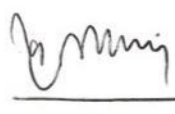

Place: Nagpur  
Date: May 10, 2018

For and on behalf of the Board of Directors of  
Economic Explosives Limited

   
S.N. Nuwal Director Manish Nuwal Director

Place: Nagpur  
Date: May 10, 2018

Economic Explosives Limited  
Statement of Profit and Loss for the Year ended March 31, 2018  
(All amounts in Rs. Crores, unless otherwise stated)

Statement of Profit and Loss for the	Notes	Year ended March 31, 2018	Year ended March 31, 2017
<b>Continuing operations</b>			
Revenue from operations	17	282.91	242.87
Other income	18	1.75	1.86
<b>Total income</b>		<b>284.66</b>	<b>244.73</b>
<b>Expenses</b>			
Cost of materials consumed	19	77.77	53.32
Purchases of stock-in-trade		61.06	50.66
Changes in inventories of finished goods, stock-in-trade and semi finished goods	20	(9.12)	(1.58)
Excise duty		2.36	10.93
Employee benefit expenses	21	29.80	24.09
Depreciation and amortization expenses	22	15.07	10.80
Other expenses	23	44.45	38.23
Finance costs	24	8.53	3.85
<b>Total expenses</b>		<b>229.92</b>	<b>190.30</b>
<b>Profit before tax</b>		<b>54.74</b>	<b>54.43</b>
Tax expense :			
- Current tax	25	9.15	8.21
- Deferred tax	25	4.73	3.35
<b>Total tax expense</b>		<b>13.88</b>	<b>11.56</b>
<b>Profit for the year</b>		<b>40.86</b>	<b>42.87</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements loss on defined benefit plans		(0.18)	(0.98)
Income tax relating to these items		0.06	0.34
		(0.12)	(0.64)
<i>Items that will be reclassified to profit or loss</i>			
Net movement on cash flow Hedges		0.33	-
Income tax relating to these items		(0.10)	-
		0.23	-
<b>Total Other comprehensive income for the year, net of tax</b>		<b>0.11</b>	<b>(0.64)</b>
<b>Total comprehensive income for the year</b>		<b>40.97</b>	<b>42.23</b>
<b>Earnings per equity share</b>			
Basic and Diluted earnings per share [Nominal value of Rs.10 ]	26	85.35	87.97
Summary of significant accounting policies	2.1		
The accompanying notes form an integral part of the standalone financial statements			
As per our report of even date attached <b>For Akshay Rathi &amp; Associates</b> Chartered Accountants ICAI Firm's Registration Number: 139703W		For and on behalf of the Board of Directors of <b>Economic Explosives Limited</b>	
 <b>Akshay Rathi</b> Proprietor Membership No.: 161910		  <b>S.N. Nuwal</b> Director <b>Manish Nuwal</b> Director	
		Place: Nagpur Date: May 10, 2018	

**Economic Explosives Limited****Statement of Cash flow for the Year ended March 31, 2018**

(All amounts in Rs. Crores, unless otherwise stated)

PARTICULARS	Year ended 31 March 2018	Year ended 31 March 2017
<b>Cash flow from operating activities</b>		
Profit before tax	54.74	54.43
Adjustments for :	-	-
Depreciation expense	15.07	10.80
Gain/(Loss) on disposal of property, plant and equipment	-	-
Profit on sale of financial assets carried at fair value through profit or loss	(0.43)	(0.95)
Fair value gain on mutual fund investments	(0.21)	-
Interest income	(0.46)	(0.90)
Finance costs	8.53	3.85
Investment Written off	0.04	-
Impairment loss on Trade Receivables	(4.02)	1.43
<b>Operating profit before working capital changes</b>	<b>73.26</b>	<b>68.66</b>
(Increase) / Decrease in trade receivables	(10.24)	5.21
(Increase) in inventories	(11.76)	(6.41)
Increase / (Decrease) in trade payables	1.82	(2.38)
Decrease / (Increase) in other financial assets (excluding derivatives)	0.05	(6.47)
(Increase) / Decrease in other assets	(7.72)	1.85
Increase / (Decrease) in other current liabilities	0.36	0.60
Increase / (Decrease) in other financial liabilities (excluding derivatives)	25.75	(15.34)
Increase in Provisions	0.29	0.25
<b>Cash generated from operations</b>	<b>71.81</b>	<b>45.97</b>
Income taxes paid	11.13	9.96
<b>Net cash inflow from operating activities</b>	<b>60.68</b>	<b>36.01</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangible assets	(76.94)	(44.41)
Proceeds from sale of property, plant and equipment	0.06	-
Loans repaid/ (given)	1.44	(0.06)
Proceeds from sale of current investments	-	20.50
Purchase of current investments	(0.46)	-
Investment in Fixed Deposit	(0.17)	(0.40)
Profit on sale of financial assets carried at fair value through profit or loss	0.43	0.95
Interest income	0.46	0.90
<b>Net cash outflow from investing activities</b>	<b>(75.18)</b>	<b>(22.52)</b>
<b>Cash flows from financing activities</b>		
(Repayments of )/ Proceeds from non current borrowings	25.13	5.98
Proceeds/ (Repayment of) from current borrowings	(2.12)	(15.01)
Interest paid	(8.53)	(3.85)
Fair value changes on derivatives not designated as hedges	(0.65)	0.57
<b>Net cash inflow (outflow) from financing activities</b>	<b>13.83</b>	<b>(12.31)</b>
Net increase/(decrease) in cash and cash equivalents	(0.67)	1.18
Add:- Cash and cash equivalents at the beginning of the financial year	1.53	0.35
Add:- Cash and cash equivalents on account of merger	0.09	-
<b>Cash and cash equivalents at end of the year</b>	<b>0.95</b>	<b>1.53</b>

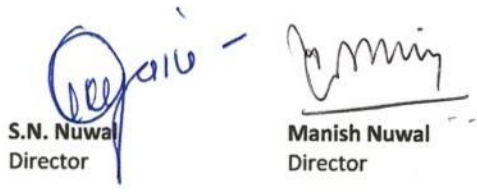


Reconciliation of cash and cash equivalents as per the cash flow statement Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	0.95	1.53
Balances per statement of cash flows	0.95	1.53

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached  
**For Akshay Rathi & Associates**  
Chartered Accountants  
ICAI Firm's Registration Number: 139703W

For and on behalf of the Board of Directors of  
**Economic Explosives Limited**

**Akshay Rathi**  
Proprietor  
Membership No.: 161910



**S.N. Nuwal**  
Director

**Manish Nuwal**  
Director

Place : Nagpur  
Date: May 10, 2018

Place: Nagpur  
Date: May 10, 2018

**Economic Explosives Limited**  
**Statement of changes in equity**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**A. Statement of changes in equity**

**Equity share capital**

	Amount
As at April 1, 2017	4.80
Changes in equity share capital	-
<b>As at March 31, 2018</b>	<b>4.80</b>

**Other equity**

					Total other equity
	Retained earnings	Capital Reserve	General Reserve	Cash Flow Hedge Reserve	
<b>Balance at April 1, 2017</b>	<b>85.20</b>	<b>1.12</b>	<b>196.51</b>	<b>-</b>	<b>282.83</b>
Profit for the year	40.87	-	-	-	40.87
On account of merger (refer note 35)	3.58	0.14	-	-	3.72
Other comprehensive income	(0.12)	-	-	0.22	0.10
<b>Balance at March 31, 2018</b>	<b>129.53</b>	<b>1.26</b>	<b>196.51</b>	<b>0.22</b>	<b>327.52</b>

As per our report of even date attached  
**For Akshay Rathi & Associates**  
Chartered Accountants  
ICAI Firm's Registration Number: 139703W

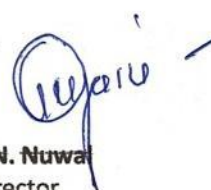


**Akshay Rathi**  
Proprietor  
Membership No.: 161910

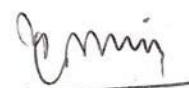


Place: Nagpur  
Date: May 10, 2018

For and on behalf of the Board of Directors of  
**Economic Explosives Limited**



**S.N. Nuwal**  
Director



**Manish Nuwal**  
Director

Place: Nagpur  
Date: May 10, 2018

**Note 1: Corporate Information**

Economic Explosives Limited (the 'Company') is a company domiciled in India, with its registered office situated in Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and is a wholly owned subsidiary of Solar Industries India Limited, which is listed in India. The Company is primarily involved in manufacturing of complete range of industrial explosives and explosive initiating devices. It manufactures various types of packaged emulsion explosives, bulk explosives and explosive initiating systems.

**Note 2: Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and initial recognition of assets acquired under business combinations which have been measured at fair value. The accounting policies are consistently applied by the Company during the year and are consistent with those used in the previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

**Statement of compliance**

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

**Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in Schedule III to the Act.

**2.2 Summary of significant accounting policies**

**a. Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready for intended use.



The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period / year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

**c. Intangible assets**

Intangible assets including licenses of enduring nature and contractual rights 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. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

The estimated useful life of an identifiable intangible asset is based on the useful life as specified in agreement. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

**Research and development**

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized as expense in the statement of profit and loss as incurred.

The estimated useful life for Product related intangibles is 4 years once the development is complete.

Intangible assets relating to products in development are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.



The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

**De-recognition of intangible assets.**

Intangible assets are de-recognized either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

**d. Depreciation and amortization**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management. The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Company's estimate of useful life (years)	Useful life as prescribed under schedule II (years)
<b>Buildings:</b>		
Factory buildings	30	30
Other buildings	60	60
Roads (RCC and WBM)	15 to 30	5 to 10
<b>Plant and Machinery:</b>		
Factory Plant and Machinery	15 to 20	15 to 20
Wind Mill	22	22
Electrical installation and Lab equipment	10	10
Furniture and fixtures	10	10
Vehicles	8 to 10	8 to 10
Office equipment and Computers	3 to 6	3 to 6
Transfer of Technology (TOT)	As per Agreement	As per Agreement

The management has estimated, supported by independent assessment by professionals, the useful lives of the above classes of assets.

**e. Impairment of Property, Plant and Equipment and other intangible assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**f. Borrowing costs**





Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**g. Leases**

***Determining whether an arrangement contains a lease***

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate

***Where the Company is a lessee***

Leases that transfers substantially all the risks and rewards incidental to ownership to the Company are classified as finance leases.

Finance leases are capitalized at the lower of the inception date fair value of the leased assets and the present value of the minimum lease payments.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

**h. Financial instruments**

**i) Investments and other 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 the Statement of Profit and Loss), and
- those measured at amortised cost

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

**Measurement**



At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

**A. 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. The Company classifies its debt instruments into following categories:

**1. Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using effective interest rate method.

**2. Fair value through profit and loss:**

Assets that do not meet the criteria of amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

**B. Equity instruments:**

The Company measures its equity investment other than in subsidiaries and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains to the statement of profit and loss.

**ii) Financial liabilities**

**Classification**

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through the Statement of Profit and Loss, and
- those measured at amortised cost

**Measurement**

**A. Financial liabilities at amortised cost**

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost.

**B. Financial liabilities at fair value through profit and loss:**

Financial liabilities at fair value through profit and loss are measured at fair value with all changes recognized in the statement of profit and loss.



**iii) Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**iv) Impairment of financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Company measures the ECL associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

**i. Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty only.

The specific recognition criteria described below must also be met before revenue is recognised.

**i) Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.



**ii) Interest Income**

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

**iii) Dividends**

Revenue is recognised when the Company's right to receive the dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

**j. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grant received in the form of sales tax subsidy has been considered as revenue grant and the same has been recognized in the statement of profit and loss.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**k. Foreign currency translation**

**(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**(ii) Transactions and balances**

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.



#### **i. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- (ii) **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- (iii) **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

#### **m. Retirement and other employee benefits**

##### **(i) Provident Fund**

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

##### **(ii) Gratuity**

Gratuity is a defined benefit obligation plan operated by the Parent Company and its Indian Subsidiaries for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with an insurance company in the form of qualifying insurance policy. Re-measurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently. Overseas subsidiaries do not operate any defined benefit plans for employees.

##### **(iii) Leave encashment**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.



The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Re-measurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**n. Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from 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/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from 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/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.



**o. Segment reporting**

**(i) Identification of segment**

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker of the Company.

**(ii) Segment accounting policies**

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**p. Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**q. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**r. Contingent liability**

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 recognized 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 recognized because it cannot be measured reliably.



**s. 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.





Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

3(A): Property, plant and equipment

	Freehold Land	Factory Buildings	Furniture, fittings and Equipment	Plant and Machinery	Vehicles	Office Equipments	Total	Capital Work-in-progress
<b>Year ended March 31, 2017</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount	50.72	126.55	1.32	89.25	1.76	1.05	270.65	2.60
Additions	4.32	21.12	0.57	8.27	0.50	0.30	35.08	2.69
Disposals	-	-	-	-	(0.01)	(0.01)	(0.02)	-
Transfers	(0.63)	0.63	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>54.41</b>	<b>148.30</b>	<b>1.89</b>	<b>97.52</b>	<b>2.25</b>	<b>1.34</b>	<b>305.71</b>	<b>5.29</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation	-	1.61	0.11	2.89	0.24	0.20	5.05	-
Depreciation charge for the year	-	4.85	0.19	5.02	0.35	0.30	10.71	-
Disposals	-	-	-	-	-	(0.01)	(0.01)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>6.46</b>	<b>0.30</b>	<b>7.91</b>	<b>0.59</b>	<b>0.49</b>	<b>15.75</b>	<b>-</b>
<b>Net carrying amount March 31, 2017</b>	<b>54.41</b>	<b>141.84</b>	<b>1.59</b>	<b>89.61</b>	<b>1.66</b>	<b>0.85</b>	<b>289.96</b>	<b>5.29</b>
<b>Year ended March 31, 2018</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount	54.41	148.30	1.89	97.52	2.25	1.34	305.71	5.29
Additions	1.22	10.28	0.13	5.11	0.21	0.18	17.13	34.48
Disposals	-	(0.06)	-	-	-	(0.07)	(0.13)	-
On account of merger (refer note 35)	-	-	-	0.45	-	-	0.45	-
<b>Closing gross carrying amount</b>	<b>55.63</b>	<b>158.52</b>	<b>2.02</b>	<b>103.08</b>	<b>2.46</b>	<b>1.45</b>	<b>323.16</b>	<b>39.77</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation	-	6.46	0.30	7.91	0.59	0.49	15.75	-
Depreciation charge for the year	-	6.88	0.23	7.00	0.37	0.29	14.77	-
Disposals	-	-	-	-	-	(0.07)	(0.07)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>13.34</b>	<b>0.53</b>	<b>14.91</b>	<b>0.96</b>	<b>0.71</b>	<b>30.45</b>	<b>-</b>
<b>Net carrying amount March 31, 2018</b>	<b>55.63</b>	<b>145.18</b>	<b>1.49</b>	<b>88.17</b>	<b>1.50</b>	<b>0.74</b>	<b>292.71</b>	<b>39.77</b>



Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

3(B) : Other Intangible assets

	Transfer of Technology (TOT)	Total	Intangible in progress
<b>Year ended March 31, 2017</b>			
<b>Gross carrying amount</b>			
Opening gross carrying amount	-	-	-
Additions	6.64	6.64	-
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>6.64</b>	<b>6.64</b>	<b>-</b>
<b>Accumulated amortization</b>			
Opening Amortization of Intangible Assets	-	-	-
Amortization for the year	0.10	0.10	-
<b>Closing accumulated amortization</b>	<b>0.10</b>	<b>0.10</b>	<b>-</b>
<b>Net carrying amount March 31, 2017</b>	<b>6.54</b>	<b>6.54</b>	<b>-</b>
<b>Year ended March 31, 2018</b>			
<b>Gross carrying amount</b>			
Opening gross carrying amount	6.64	6.64	-
Addition	16.14	16.14	10.56
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>22.78</b>	<b>22.78</b>	<b>10.56</b>
<b>Accumulated amortization</b>			
Opening amortization of intangible assets	0.10	0.10	-
Amortisation for the year	1.67	1.67	-
Disposals	-	-	-
<b>Closing accumulated amortization</b>	<b>1.77</b>	<b>1.77</b>	<b>-</b>
<b>Net carrying amount March 31, 2018</b>	<b>21.01</b>	<b>21.01</b>	<b>10.56</b>



Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

Financial assets

4: Investments

Non-current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Unquoted</b>					
Investment in government securities (NSC)	Rs. 10,000	-	1.00	-	-
		-	1.00	-	-
Aggregate amount of unquoted investments				-	-

Current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Quoted</b>					
<b>Investment in mutual funds (fully paid-up)</b>					
Kotak Balance Direct Plan - Growth	Rs. 10	476,350	-	1.21	-
Kotak Liquid Direct Plan - Growth	Rs. 1,000	658	-	0.23	-
Franklin India Balanced Fund - Direct - Growth	Rs. 10	190,982	-	2.27	-
Franklin India Treasury Management Account - Super Institutional Plan - Direct - Growth	Rs. 1,000	9,401	-	2.44	-
				<b>6.15</b>	<b>-</b>
Aggregate amount of quoted investments and market value thereof				6.15	-



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**5: Loans**

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
<b>Unsecured, considered good</b>				
Loan to employees	0.21	-	0.25	-
Loan to Others	0.25	-	1.65	-
	<b>0.46</b>		<b>1.90</b>	

**Notes:**

- Loans are non derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
- No loans receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**6: Other financial assets**

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
<b>Derivative Instruments at fair value through profit or loss</b>				
Foreign-exchange forward contracts	2.32	-	5.41	-
Interest rate swaps	0.33	-	0.08	-
	<b>2.65</b>	<b>-</b>	<b>5.49</b>	<b>-</b>
<b>Others</b>				
Sales tax receivables	9.05	6.91	12.07	3.89
Security deposits	-	0.71	0.02	0.85
Other deposits	-	-	-	0.04
Interest accrued but not due	0.25	-	0.13	-
	<b>9.30</b>	<b>7.62</b>	<b>12.22</b>	<b>4.78</b>
	<b>11.95</b>	<b>7.62</b>	<b>17.71</b>	<b>4.78</b>

**Notes:**

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are, nevertheless, intended to reduce the level of foreign currency risk for foreign currency borrowing.



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**7: Trade receivables**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Trade receivables	50.02	43.76
Receivables from related parties (refer note 29)	7.85	3.86
Less: Allowance for doubtful debts	(5.17)	(9.19)
	<b>52.70</b>	<b>38.43</b>

**Break-up of security details**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Secured, considered good	2.03	2.10
Unsecured		
Considered good	50.67	36.33
Doubtful	5.17	9.19
	<b>57.87</b>	<b>47.62</b>
Allowance for doubtful debts	(5.17)	(9.19)
	<b>52.70</b>	<b>38.43</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**8: Cash and bank balances**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Cash and cash equivalents</b>		
Balances with banks		
in current accounts	0.81	(0.29)
Cheque in hand	0.12	1.79
Cash on hand	0.02	0.03
	<b>(A) 0.95</b>	<b>1.53</b>
<b>Bank balances other than cash and cash equivalents</b>		
Balances with Banks with original maturity of more than 3 months but less than 12 months	0.03	0.07
Balances with Bank held as margin money or security against guarantee or other commitments	5.76	5.54
	<b>(B) 5.79</b>	<b>5.61</b>
	<b>(A + B) 6.74</b>	<b>7.14</b>



Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

09: Other assets

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Capital advances	-	6.11	-	5.29
<b>Advances other than capital advances</b>				
Prepayments	0.55	-	-	-
Advances to suppliers for goods and services	3.29	-	4.99	-
Advances to staff	0.04	-	0.03	-
Balances with revenue authorities	8.81	-	0.75	-
	<b>12.69</b>	<b>6.11</b>	<b>5.77</b>	<b>5.29</b>

10: Inventories

	March 31, 2018	March 31, 2017
Raw materials & Packing materials (includes stock in transit of Rs. 1.21 crores (March 31, 2017: Nil))	16.44	13.84
Semi finished goods	3.77	2.39
Finished goods (includes stock in transit Rs. 0.64 crores (March 31, 2017: Nil))	9.34	5.05
Stock-in-trade (includes stock in transit Rs. 0.92 crores (March 31, 2017: Nil))	3.83	0.38
Stores and spares	1.68	1.64
	<b>35.06</b>	<b>23.30</b>



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**11 : Equity share capital**

	Number of Shares in crores		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Authorised equity share capital (face value Rs.10 each)	0.60	0.60	6.00	6.00
			<b>6.00</b>	<b>6.00</b>
Issued, Subscribed and fully paid share capital (face value Rs.10 each)	0.48	0.48	4.80	4.80
			<b>4.80</b>	<b>4.80</b>

**(a) Movements in equity share capital**

	Number of Shares in crores		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Number of Shares at the beginning of the year	0.48	0.48	4.80	4.80
Additions	-	-	-	-
<b>Number of Shares at the end of the year</b>	<b>0.48</b>	<b>0.48</b>	<b>4.80</b>	<b>4.80</b>

**(b) Terms/ rights attached to equity shares**

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Equity shares held by ultimate holding/ holding company**

	Number of Shares in crores		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Ultimate holding/ Holding Company</b>				
Solar Industries India Limited (par value Rs.10 each fully paid)	0.48	0.48	4.80	4.80
	<b>0.48</b>	<b>0.48</b>	<b>4.80</b>	<b>4.80</b>

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	% holding		Number of Shares in crores	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Solar Industries India Limited	100	100	0.48	0.48

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.



Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

11A: Other Equity

Particulars	Amount
<b><u>Retained earnings</u></b>	
April 1, 2016	72.97
Add : Profit for the year	42.87
Less : Transfer to General Reserve	(30.00)
Remeasurement of defined benefit , liabilities / assets	(0.64)
As at March 31, 2017	✓ 85.20
Add : Profit for the year	✓ 40.87
Add : On account of merger	✓ 3.58
Remeasurement loss on defined benefit plans	✓ (0.12)
As at March 31, 2018	✓ 129.53
<b><u>Capital reserve</u></b>	
April 1, 2016	1.12
Add :	-
Less :	-
As at March 31, 2017	✓ 1.12
Add : On account of merger	✓ 0.14
As at March 31, 2018	✓ 1.26
<b><u>General reserve</u></b>	
April 1, 2016	166.51
Add : Transfer from retained earnings	30.00
As at March 31, 2017	✓ 196.51
Add : Transfer from retained earnings	-
As at March 31, 2018	✓ 196.51
<b><u>Cash flow hedge reserve</u></b>	
April 1, 2016	-
Add :	-
Less :	-
As at March 31, 2017	
Add : Net movement on Cash Flow Hedges	✓ 0.22
As at March 31, 2018	✓ 0.22





Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

12: Borrowings

Non-current borrowings

	March 31, 2018	March 31, 2017
<b>Secured Borrowings carried at amortised cost</b>		
<b>Term loans from banks</b>		
Foreign currency loan (USD)	65.14	59.57
Interest accrued but not due	0.01	-
Sales tax deferral loan	0.56	0.62
<b>Unsecured</b>		
<b>From related parties</b>		
From holding company	40.14	-
	<b>105.85</b>	<b>60.19</b>
<b>Less : Amount clubbed under "Other current liabilities" (refer note 15)</b>		
Current maturities of long-term debt	(36.59)	(16.21)
Interest accrued but not due on non-current borrowings	(0.15)	-
	<b>69.11</b>	<b>43.98</b>

Current borrowings

	March 31, 2018	March 31, 2017
<b>Secured</b>		
<b>From banks</b>		
Indian rupee working capital loan	5.39	10.30
<b>Unsecured</b>		
<b>From related parties</b>		
From holding company	23.51	17.26
From key managerial personnel	0.79	-
From other related parties	0.64	0.67
	<b>30.33</b>	<b>28.23</b>
<b>Less : Amount clubbed under "Other current liabilities" (refer note 15)</b>		
Interest accrued but not due on current borrowings	(4.19)	(2.18)
	<b>26.14</b>	<b>26.05</b>



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

	Maturity date	Terms of repayment	March 31, 2018	March 31, 2017
<b>Non-Current Borrowings</b>				
<b>Secured</b>				
Foreign currency term loan from Bank	Sept 27, 2019	Repayable in eight equal half yearly installment	24.44	40.52
Foreign currency term loan from Bank	Jan 30, 2020	Repayables in eight equal quarterly installment	40.70	19.05
<b>Unsecured</b>				
<b>Loan from Holding Company</b>				
Bullet repayment after 2 years	June, 2019	Bullet repayment after 2 years	40.00	-
Sales tax deferral loan	April 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.56	0.62
			<b>105.70</b>	<b>60.19</b>

The above loans from Banks carries an interest rate of LIBOR + 100 bps to LIBOR + 250 bps

<b>Current Borrowings</b>				
<b>Secured</b>				
Indian rupee working capital loan from Bank	On Demand	Repayable on demand	5.39	10.30
<b>Unsecured</b>				
Loan from related parties	On Demand	Repayable on demand	20.75	15.75
			<b>26.14</b>	<b>26.05</b>

The Indian rupee working capital loans from Banks and loan from related parties carries an interest rate of 8.35% p.a. to 9.00% p.a.

**Security**

The above non current loans from banks are secured by first pari passu charge on the tangible movable and immovable fixed assets and second pari passu charge on the Company's current asset. Working capital loans have first Pari Passu charge on Company's entire current asset, both present and future and second Pari Passu charge on Company's entire fixed assets, both present and future.

**Loan covenants**

Bank loan contains certain debt covenants relating to debt-equity ratio, net borrowings to EBITDA ratio, interest coverage ratio and debt service coverage ratio (DSCR). The Company has satisfied all debt covenants prescribed in the terms of bank loans.

The other loans do not carry any debt covenants.



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**13: Deferred tax liabilities**

The balance comprises temporary differences attributable to:

	March 31, 2018	March 31, 2017
<b>Deferred tax liabilities</b>		
Property, plant and equipment	37.74	30.10
Derivative Instruments at fair value through profit or loss	0.80	0.58
Financial assets carried at fair value through profit or loss	0.01	-
On account of merger (refer note 35)	0.04	-
	<b>38.59</b>	<b>30.68</b>
<b>Deferred tax assets</b>		
Trade receivables	(1.79)	(3.18)
Employee benefits	(0.59)	(0.43)
MAT credit	(19.41)	(13.32)
	<b>(21.79)</b>	<b>(16.93)</b>
<b>Deferred tax liabilities (net)</b>	<b>16.80</b>	<b>13.75</b>

Movements in deferred tax are as follows:

	Property, plant and equipment and investment property	Financial assets at fair value through profit and loss	MAT Credit	Other items	Total
<b>At March 31, 2017</b>	30.10	0.58	(13.32)	(3.61)	13.75
Charged/ (credited)					
- to profit or loss	7.64	0.12	-	1.29	9.05
- to other comprehensive income	-	0.11	-	(0.06)	0.05
MAT credit created during the year	-	-	-	-	-
MAT credit utilized during the year	-	-	(6.09)	-	(6.09)
On account of merger	-	0.04	-	-	0.04
<b>At March 31, 2018</b>	<b>37.74</b>	<b>0.85</b>	<b>(19.41)</b>	<b>(2.38)</b>	<b>16.80</b>

**Income tax**

**A Tax expenses in the statement of profit and loss consists of:**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Income Tax (Current year)	10.99	9.05
Income Tax (Earlier Years)	(1.84)	(0.84)
Deferred tax charge/ (credit)	4.73	3.35
<b>Tax expenses reported in the statement of profit or loss</b>	<b>13.88</b>	<b>11.56</b>
<b>Tax recognised in other comprehensive income</b>		
- Deferred tax expense/ (income) arising on income and expense recognised in other comprehensive income	(0.05)	(0.34)
<b>Total</b>	<b>13.83</b>	<b>11.22</b>

**B The reconciliation between the provision of income tax of the Company and amounts computed by**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	54.74	54.43
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	18.94	18.84
<b>Effect of:</b>		
Income tax for earlier years	(1.84)	(0.84)
Items which are deductible for tax purpose	(5.09)	(3.90)
Expenses not allowed for tax purpose	0.62	0.03
Other permanent differences	0.70	(2.68)
Item on which DTA/ DTL not created in last year	0.68	-
Exempt capital gain on sale of investments (realised)	(0.14)	-
Exempt capital gain on investments (unrealised)	(0.06)	(0.32)
Other items	0.02	0.09
<b>Total tax expense</b>	<b>13.83</b>	<b>11.22</b>



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**14: Trade payables**

	March 31, 2018	March 31, 2017
<b>Current</b>		
Trade payables (refer note 34)	5.30	3.47
Trade payables to related parties (refer note 29)	0.01	0.01
	<b>5.31</b>	<b>3.48</b>

**15: Other financial liabilities**

	March 31, 2018	March 31, 2017
<b>Current</b>		
<b>Derivative Instruments at fair value through profit or loss</b>		
Foreign-exchange forward contracts	-	3.82
	<b>-</b>	<b>3.82</b>
<b>Others</b>		
Current maturities of long-term debt (refer note 12)	36.59	16.21
Interest accrued on Non-current Borrowings (refer note 12)	0.15	-
Interest accrued on Current Borrowings (refer note 12)	4.19	2.18
Capital creditors	0.70	0.06
Employee related payables	4.91	2.41
Liabilities towards Trade Discount	0.19	0.11
	<b>46.73</b>	<b>20.97</b>
	<b>46.73</b>	<b>24.79</b>

**16: Other current liabilities**

	March 31, 2018	March 31, 2017
Statutory dues payables	1.05	2.04
Advances from customers	3.19	1.76
	<b>4.24</b>	<b>3.80</b>

**Note 16 A: Provisions**

	Provision for Gratuity	Provision for leave encashment	Total
At April 1, 2017	0.52	0.71	1.23
Arising during the year	0.61	0.37	0.98
Utilised during the year	(0.49)	(0.02)	(0.51)
<b>At March 31, 2018</b>	<b>0.64</b>	<b>1.06</b>	<b>1.70</b>
Current	0.64	1.06	1.70
Non-current	-	-	-



**Economic Explosives Limited**  
**Notes to Financial Statements**  
**(All amounts in Rs. Crores, unless otherwise stated)**

**17: Revenue from operations**

	March 31, 2018	March 31, 2017
Sale of products (including excise duty)	267.98	228.16
Other operating revenue	14.93	14.71
	<b>282.91</b>	<b>242.87</b>

Sale of products includes duty collected from customers of Rs. 2.36 Crores (March 31, 2017 : Rs. 10.93 Crores). Sale of products net of excise duty is Rs. 265.61 Crore (March 31, 2017: Rs.217.23 Crores). Revenue from operations for periods upto June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable to the year ended March 31, 2017.

**18: Other income and other gains/(losses)**

**(a) Other income**

	March 31, 2018	March 31, 2017
Interest Income		
On financial assets carried at amortised cost		
On deposit with Banks	0.37	0.39
On loans given to others	0.09	0.14
Interest on income tax refund	-	0.38
Profit on sale of financial assets carried at fair value through profit or loss	0.43	0.95
	<b>0.89</b>	<b>1.86</b>

**(b) Other gains/(losses)**

	March 31, 2018	March 31, 2017
Net gain on financial assets mandatorily measured at fair value through profit or loss		
Fair value gain on derivatives not designated as hedges	0.65	-
Fair value gain on mutual fund investments	0.21	-
	<b>0.86</b>	<b>-</b>
<b>Total (a+b)</b>	<b>1.75</b>	<b>1.86</b>

**19: Cost of materials consumed**

	March 31, 2018	March 31, 2017
Raw materials and packing materials at the beginning of the year	13.84	9.02
Add: Purchases during the year	80.36	58.14
Less: Raw material and packing material at the end of the year	16.43	13.84
	<b>77.77</b>	<b>53.32</b>



**Economic Explosives Limited**  
**Notes to Financial Statements**

(All amounts in Rs. Crores, unless otherwise stated)

**20: Changes in inventories of Semi finished goods, stock-in-trade and finished goods**

	March 31, 2018	March 31, 2017
<b>Opening balance</b>		
Semi finished goods	2.39	2.03
Finished goods	5.05	3.78
Stock-in-trade	0.38	0.43
	<b>7.82</b>	<b>6.24</b>
<b>Closing balance</b>		
Semi finished goods	3.77	2.39
Finished goods	9.34	5.05
Stock-in-trade	3.83	0.38
	<b>16.94</b>	<b>7.82</b>
	<b>(9.12)</b>	<b>(1.58)</b>

**21: Employee benefit expense**

	March 31, 2018	March 31, 2017
Salaries, wages and bonus	27.23	22.20
Contribution to Provident and other funds	1.99	1.54
Staff welfare expenses	0.58	0.35
	<b>29.80</b>	<b>24.09</b>

**22: Depreciation and Amortization Expenses**

	March 31, 2018	March 31, 2017
Depreciation on Property, plant and equipment	14.77	10.70
Amortization of Intangible	1.67	0.10
Less : Transfer to Intangible In Progress	(1.37)	-
	<b>15.07</b>	<b>10.80</b>

**23: Other expenses**

	March 31, 2018	March 31, 2017
Consumption of stores and spares	3.75	3.52
Excise Duty on Inventory	-	0.27
Repairs and maintenance		
Plant and machinery	1.71	1.64
Buildings	1.14	0.60
Others	0.49	0.31
Water and electricity charges	2.46	2.88
Rates and taxes	1.01	1.67
Legal and professional fees	2.91	2.24
Travel and conveyance	1.64	1.46
Export Expenses	18.28	16.49
Remuneration to Directors	0.18	0.36
Security Service Charges	1.12	1.06
Sales Tax	0.06	0.01
Transportation Expenses	1.68	1.48
Bad debts written-off	8.17	-
Impairment loss on trade receivables	(4.02)	1.43
Net foreign exchange (gain)/ losses	(0.12)	(0.63)
Fair value loss on derivatives not designated as hedges	-	0.57
Corporate social responsibility expenditure (refer note 24 (b) below)	0.93	0.08
Payments to auditors (refer note 24 (a) below)	0.18	0.33
Other expenses (includes printing, communication, postage, office expenses etc)	2.88	2.46
	<b>44.45</b>	<b>38.23</b>



Economic Explosives Limited  
Notes to Financial Statements  
(All amounts in Rs. Crores, unless otherwise stated)

24 (a): Details of payments to auditors

	March 31, 2018	March 31, 2017
<b>As auditor:</b>		
Audit fee	0.18	0.12
Tax audit fee	-	0.03
<b>In other capacities</b>		
Taxation matters	-	0.11
Certification fees	-	0.07
	<b>0.18</b>	<b>0.33</b>

24 (b) : Corporate social responsibility expenditure

	March 31, 2018	March 31, 2017
Contribution to revenue expenditure	0.93	0.08
	<b>0.93</b>	<b>0.08</b>
Gross amount required to be spent as per Section 135 of the Act	0.99	0.90
<i>Amount spent during the year on</i>		
(i) Construction/acquisition of an asset	0.10	1.07
(ii) On purposes other than (i) above	0.93	0.08

24: Finance costs

	March 31, 2018	March 31, 2017
Interest on Borrowings		
To Banks	4.18	2.03
To Related Party	4.34	1.82
To Other	0.01	-
	<b>8.53</b>	<b>3.85</b>

25: Tax expenses

	March 31, 2018	March 31, 2017
<b>Current tax</b>		
Current tax on profits for the year	10.99	9.05
Adjustments for current tax in respect of earlier years	(1.84)	(0.84)
	<b>9.15</b>	<b>8.21</b>
<b>Deferred tax</b>		
Decrease (increase) in deferred tax assets	(3.04)	(0.58)
(Decrease) increase in deferred tax liabilities	7.77	3.93
	<b>4.73</b>	<b>3.35</b>
	<b>13.88</b>	<b>11.56</b>

26: Earnings per share

	March 31, 2018	31 March 2017
<b>Basic and Diluted EPS</b>		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS	40.97	42.23
Weighted average number of equity shares in crores used as the denominator in calculating basic and diluted EPS	0.48	0.48
Basic and Diluted EPS attributable to the equity holders of the company (Rs.)	<b>85.35</b>	<b>87.97</b>
Nominal value of shares (Rs.)	<b>10</b>	<b>10</b>



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

**Note 27: Employee Benefit obligations**

**(i) Post-employment obligations**

**a) Gratuity**

The Company operate a defined benefit plan viz. namely gratuity for its employees. Under the gratuity plan, every employee who has completed at least 5 years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income, and the funded status and amount recognized in the balance sheet.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

**Expense Recognized in Statement of Profit and Loss**

	March 31, 2018	March 31, 2017
Service cost	0.39	0.32
Net Interest Cost	0.04	(0.04)
<b>Expenses Recognized in the statement of Profit &amp; Loss</b>	<b>0.43</b>	<b>0.28</b>

**Other Comprehensive Income**

	March 31, 2018	March 31, 2017
Opening amount recognized in OCI outside profit and loss account	-	-
Actuarial gain / (loss) on liabilities	(0.19)	(0.98)
Actuarial gain / (loss) on assets	0.01	(0.01)
<b>Closing of amount recognized in OCI outside profit and loss account</b>	<b>(0.18)</b>	<b>(0.99)</b>

**The amount to be recognized in Balance Sheet Statement**

	March 31, 2018	March 31, 2017
Present value of obligations	3.26	2.57
Fair value of plan assets	2.63	2.05
<b>Net defined benefit liability / (assets) recognized in balance sheet</b>	<b>0.63</b>	<b>0.52</b>

**Change in Present Value of Obligations**

	March 31, 2018	March 31, 2017
Opening of defined benefit obligations	2.57	1.22
Service cost	0.39	0.32
Interest Cost	0.17	0.10
Benefit Paid	(0.06)	(0.04)
Actuarial (Gain)/Loss on total liabilities:	0.19	0.98
<b>Closing of defined benefit obligation</b>	<b>3.26</b>	<b>2.58</b>

**Change in Fair Value of Plan Assets**

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	2.05	1.69
Actual Return on Plan Assets	0.15	0.13
Employer Contribution	0.49	0.27
Benefit Paid	(0.06)	(0.04)
<b>Closing fair value of plan assets</b>	<b>2.63</b>	<b>2.05</b>





**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

The major categories of plan assets as a parentage of the fair value of total plan assets are as follows :

	March 31, 2018	March 31, 2017
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	March 31, 2018	March 31, 2017
Discount Rate	7.75% per annum	6.8% per annum
Rate of increase in Compensation levels	5.00% per annum	7.5% per annum
Rate of Return on Plan Assets	6.8% per annum	8% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

The overall expected rate of return on assets is determined based on the interest rate prevailing in the market on that date, applicable to the period over which the obligation is to be settled.

**Sensitivity Analysis**

Following table shows the sensitivity results on liability due to change in the assumptions:

	March 31, 2018	Impact (Absolute)	Impact (%)
Base Liability	3.26		
Increase Discount Rate by 0.50%	3.17	(0.09)	-2.76%
Decrease Discount Rate by 0.50%	3.36	0.10	3.07%
Increase Salary Inflation by 1%	3.48	0.22	6.75%
Decrease Salary Inflation by 1%	3.07	(0.19)	-5.83%
Increase in Withdrawal Assumption by 5%	3.40	0.14	4.29%
Decrease in Withdrawal Assumption by 5%	2.99	(0.27)	-8.28%

Notes :

1. Liabilities are very sensitive to discount rate, salary inflation and attrition rate.
2. Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitivities due to change in mortality are ignored.



Economic Explosives Limited  
Notes to Financial Statements for the year ended March 31, 2018  
(All amounts in Rs. Crores , unless otherwise stated)

**Note 28: Commitments and contingencies**

**Capital and other Commitments**

Particulars	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account (net of advances)	17.93	3.42

**Contingent liabilities**

Particulars	March 31, 2018	March 31, 2017
Performance guarantees given by the Company	15.81	15.26
Excise demands- matters under dispute*	1.58	1.40
Income tax demands- matters under dispute*	2.69	2.69
Value Added tax	2.40	-
Central Sales tax	1.50	-

\*The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised.



**Note 29: Related Party Disclosures**

**A Names of related parties and related party relationship :**

**I Holding Company**

Solar Industries India Limited

**II Key Management Personnel (KMP)**

Shri S.N. Nuwal  
Shri K.C. Nuwal  
Shri Manish Nuwal  
Shri Rahul Nuwal  
Shri K.S.Talesra (resigned on 1st July 2017)  
Shri Anil Kumar Jain  
Shri Sartaj Singh (joined on 21st August 2017)

**II A Relatives of KMP**

Leeladevi Nuwal  
Indiradevi Nuwal  
Sohandevi Nuwal

**III Non executive directors**

Shri Dilip Patel  
Shri Anant Sagar Awasthi  
Shri Ajai Nigam (joined on 29th May 2017)

**IV Key Management Personnel of Holding Company**

Shri R D Vakil  
Shri Nilesh Panpaliya  
Smt Khushboo Pasari

**V Step down subsidiaries of Holding Company  
(with whom transactions have taken place)**

- 1 Nigachem Nigeria Limited - (a)
- 2 Solar Explochem Zambia Limited - (a)
- 3 Solar Mining Services Pty Limited - (a)
- 4 Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (b)

**VI Subsidiaries, step down subsidiaries and associates of Holding Company  
(other than V above)**

- 1 Solar Overseas Mauritius Limited
- 2 Blastec (India) Private Limited
- 3 Emul Tek Pvt. Limited
- 4 Solar Defence Limited. - (Note 1)
- 5 Solar Defence Systems Limited - (Note 1)
- 6 Solar Mines and Minerals Limited (Note 4)
- 7 Solar Mining Resources Limited (Note 4)
- 8 Solar Overseas Netherlands Cooperative U.A - (c)
- 9 Solar Overseas Singapore Pte Limited - (c)
- 10 Solar Industries Africa Limited - (c)
- 11 Solar Mining Services Pty Limited (Formely known as Australian Explosives Technologies Group Pty Limited) - (e)
- 12 Solar Overseas Netherlands B.V. - (a)
- 13 Solar Nitro chemicals Limited -(Note 1) & (d)



**Economic Explosives Limited**

**Notes to Financial Statements for the year ended March 31, 2018**

(All amounts in Rs. Crores , unless otherwise stated)

- 14 P.T. Solar Mining Services - (Note 1) & (b)
- 15 Solar Explochem (Ghana) Limited - (Note 2) & (b)
- 16 Solar Industries Mozambique LDA - (c) \*\*\*\*
- 17 Solar Madencilik Hizmetleri A.S - (Note 1) & (b) (Incorporated on 25th January 2018)
- 18 Solar Nitro Ghana Limited - (Note 1) & (b) (Incorporated on 22nd December 2017)
- 19 PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (Note 3) & (b)
- 20 Solar Mining Services Australia Pty Limited - (Liquidated on 06th December 2017)
- 21 Solar Bhatgaon Extension Mines Pvt. Limited - (Note 1)
- 22 SMS Bhatgaon Mines Extension Pvt. Limited - (Note 1)

**VII Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above (with whom transactions have taken place)**

Commercial Sales Corporation  
Solar Synthetics Private Limited

**VIII Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'IV' above (other than those disclosed in VII above)**

Mahakal Infrastructures Private Limited  
Mahakal Project Private Limited  
Nagpur Infrastructure Private Limited  
Solar Processors (Bhilwara) Limited  
Gulmohar Developers and Constructions Private Limited  
Sun Developers and Constructions Private Limited  
Sunbeam Developers and Constructions Private Limited  
Sundrop Realtors Private Limited  
Sunland Infracon Private Limited  
Sunlight Infraventures Private Limited  
Sundrop Developers and Ventures LLP (Incorporated on 10th February 2018)  
Solar Initiating Systems Limited ("SISL")- (Note 4)

**IX Other related party**

Economic Explosives Limited employee group gratuity assurance scheme  
(Post employment benefit plan of the Company)

Refer to Note 26 for information on transactions with post employment benefit plan mentioned above

Note 1: The Entity has not commenced its business operations

Note 2: In continuation of the efforts to realign the group structure and consolidate the multi layered structure, the board has decided to dissolve these companies.

Note 3: Under Liquidation

- (a) Majority owned and controlled subsidiaries of Solar Overseas Netherlands Cooperatie U.A
- (b) Majority owned and controlled subsidiaries of Solar Overseas Netherlands B.V.
- (c) Majority owned and controlled subsidiaries of Solar Overseas Mauritius Limited
- (d) Majority owned and controlled subsidiaries of Solar Industries Africa Limited
- (e) Majority owned and controlled subsidiaries of Solar Overseas Singapore PTE Limited

Note 4: The entities have been merged with Economic Explosives Limited with effect from April 01, 2017 pursuant to order dated:- March 16, 2018.

\*\*\*During the year under review the Management has decided to continue the Company and hence the application for dissolution of Solar Industrias Mozambique LDA was not filed.



The following details pertain to transactions carried out with the related parties in the ordinary course of business and the balances outstanding at the year-end:

Nature of Transaction	Holding Company		Subsidiaries and step down subsidiaries of Holding Company		Key Management Personnel /Relatives of Key Management Personnel	Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'IV' above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
	<b>a. Transactions with related parties</b>						
Sales of products and services	83.53	71.63	21.00	13.98	-	-	-
Other operating income	0.43	0.96	-	-	-	-	-
Purchase of raw material and components	76.88	66.50	-	-	-	0.08	0.03
Purchase of License	0.25	0.21	-	-	-	-	-
Purchase of shares of SISL	-	-	-	-	-	-	-
Rent paid	-	-	-	-	0.02	-	-
Loans taken/ repaid during the year (net)	45.54	(1.44)	-	-	-	(0.05)	0.12
Interest on inter-corporate loans (net)	4.33	1.09	-	-	-	-	(8.78)
Remuneration to KMP	-	-	-	-	0.18	-	0.73
							-

**b. Balances as at the year end**

Nature of Transaction	Holding Company		Subsidiaries and step down subsidiaries of Holding Company		Key Management Personnel /Relatives of Key Management Personnel	Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'IV' above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
Loans Taken	63.66	17.26	-	-	0.79	-	0.68
Trade receivables	2.74	-	5.11	3.86	-	-	-
Trade payables	-	-	-	-	-	-	-
Payable for purchase of shares of SISL (Advances)/ Payables	-	-	-	-	-	-	0.01
					0.01	-	-



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

**Transactions with related parties during the year**

<b>Nature of Transaction</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Sales of products and services</b>		
Solar Industries India Limited	83.53	71.63
Nigachem Nigeria Limited	3.31	7.51
Solar Explochem Zambia Limited	7.97	2.61
Solar Mining Services Pty Limited - South Africa	0.88	1.93
Solar Mining Services Pty Limited - Australia	5.65	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	3.19	1.93
<b>Total</b>	<b>104.53</b>	<b>85.61</b>
<b>Other operating income</b>		
Solar Industries India Limited- License	0.43	0.96
<b>Total</b>	<b>0.43</b>	<b>0.96</b>
<b>Purchase of raw material and components</b>		
Solar Industries India Limited	76.88	66.50
Solar Synthetics Private Limited	0.08	0.03
<b>Total</b>	<b>76.96</b>	<b>66.53</b>
<b>Purchase of License</b>		
Solar Industries India Limited	0.25	0.21
<b>Total</b>	<b>0.25</b>	<b>0.21</b>
<b>Purchase of shares of SISL (Refer Note 35)</b>		
Shri. S N Nuwal	-	-
Shri. K C Nuwal	-	-
Shri. Manish Nuwal	-	-
Shri. Rahul Nuwal	-	-
Smt. Leeladevi Nuwal	-	-
Smt. Indiradevi Nuwal	-	-
Smt. Sohadevi Nuwal	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Rent paid</b>		
Solar Initiating Systems Limited	-	0.12
Smt. Indiradevi Nuwal	0.02	-
<b>Total</b>	<b>0.02</b>	<b>0.12</b>
<b>Loans taken/ (repaid) during the year (net)</b>		
Solar Industries India Limited	45.54	(1.44)
Commercial Sales Corporation	(0.05)	(8.78)
<b>Total</b>	<b>45.49</b>	<b>(10.22)</b>
<b>Interest on inter-corporate loans Paid (net)</b>		
Solar Industries India Limited	4.33	1.09
Commercial Sales Corporation	0.01	0.73
<b>Total</b>	<b>4.34</b>	<b>1.82</b>
<b>Remuneration to KMP*</b>		
Shri Rahul Nuwal	0.12	0.12
Shri K S Talesra	0.06	0.24
<b>Total</b>	<b>0.18</b>	<b>0.36</b>

\*This aforesaid amount does not includes amount in respect of gratuity and leave since the actuarial valuation has been



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

Balance outstanding at the year end were as follows:

Balances as at year end	March 31, 2018	March 31, 2017
<b>Loans Taken</b>		
Solar Industries India Limited	63.66	17.26
Commercial Sales Corporation	0.63	0.68
Shri. K C Nuwal	0.06	-
Shri. S N Nuwal	0.73	-
<b>Total</b>	<b>65.08</b>	<b>17.94</b>
<b>Trade receivables</b>		
Solar Industries India Limited	2.74	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	3.25	1.93
Solar Mining Services Pty Limited - South Africa	1.86	1.93
<b>Total</b>	<b>7.85</b>	<b>3.86</b>
<b>Trade payables</b>		
Solar Initiating Systems Limited	-	0.01
<b>Total</b>	<b>-</b>	<b>0.01</b>
<b>Payable for purchase of shares of SISL</b>		
Shri. S N Nuwal	-	-
Shri. K C Nuwal	-	-
Shri. Manish Nuwal	-	-
Shri. Rahul Nuwal	-	-
Smt. Leeladevi Nuwal	-	-
Smt. Indiradevi Nuwal	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Other Advances and Payables</b>		
Shri K.S.Talesra	-	0.01
Shri Sartaj Singh	-	-
Shri. Manish Nuwal	-	(0.01)
Indiradevi Nuwal	-	-
Rahul Nuwal	0.01	-
<b>Total</b>	<b>0.01</b>	<b>-</b>

**Note 30: Segment Information**

The Board of Directors of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108. The CODM evaluates the Company's performance and allocates the resources. The Company is exclusively engaged in the business of manufacturing of explosives accessories. The entire operation is governed by the same set of risk and returns confirmed as representing a single operating segment and not analysed separately.

**Geographical Information**

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

Revenue from external customers	March 31, 2018	March 31, 2017
India	175.59	146.02
Rest of the World	92.39	82.14
<b>Total</b>	<b>267.98</b>	<b>228.16</b>

The revenue from a single customer in excess of 10% of total revenue of the Company is Rs. 83.53 crores (March 31, 2017: Rs. 71.63 crores)



**Note 31: Fair Value Measurements**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- 1 The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances, bank deposits, trade receivables, other financial assets (except derivatives) , trade payables, other financial liabilities (except derivatives), current borrowings, because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
- 2 For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
- 3 The Company holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace. The valuation techniques used to value these derivatives include forward pricing and swap models, using present value calculations. These derivatives are marked to market as on the valuation date.
- 4 The fair values for loans given were calculated based on cash flows discounted using a current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 3 fair values in the fair value hierarchy.
- 5 Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. The non-current borrowings are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs including own credit risk. The own non-performance risk was assessed to be insignificant.

**A. Fair Value Hierarchy**

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3- Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **March 31, 2018** is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Loans	0.46	5	-	-	0.46
Other financial assets (except derivatives)	16.92	6	-	-	-
Trade receivables	52.70	7	-	-	-
Cash and cash equivalents	0.95	8	-	-	-
Bank balances other than above	5.79	8	-	-	-
<b>Fair value through profit or loss</b>					
Investments in Mutual Funds	6.15	4	6.15	-	-
Derivative Instruments	2.65	6	-	2.65	-
<b>Total Financial assets</b>	<b>85.62</b>		<b>6.15</b>	<b>2.65</b>	<b>0.46</b>
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	69.11	12	-	-	69.11





**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

Current	26.14	12	-	-	-
Trade payables	5.31	14	-	-	-
Other financial liabilities (except derivatives)	46.73	15	-	-	-
<b>Total Financial liabilities</b>	<b>147.29</b>		<b>-</b>	<b>-</b>	<b>69.11</b>

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **March 31, 2017** is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Loans	1.90	5	-	-	1.90
Other financial assets (except derivatives)	17.00	6	-	-	-
Trade receivables	38.43	7	-	-	-
Cash and cash equivalents	1.53	8	-	-	-
Bank balances other than above	5.61	8	-	-	-
Investment in government securities (NSC)	-	4	-	-	-
<b>Fair value through profit or loss</b>					
Derivative Instruments	5.49	6	-	5.49	-
<b>Total Financial assets</b>	<b>69.96</b>		<b>-</b>	<b>5.49</b>	<b>1.90</b>
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	43.98	12	-	-	43.98
Current	26.05	12	-	-	-
Trade payables	3.48	14	-	-	-
Other financial liabilities (except derivatives)	20.97	15	-	-	-
<b>Fair Value through profit or loss</b>					
Derivative Instruments	3.82	15	-	3.82	-
<b>Total Financial liabilities</b>	<b>98.30</b>		<b>-</b>	<b>3.82</b>	<b>43.98</b>

There have been no transfers among Level 1, Level 2 and Level 3 during the year.



**Note 32: Financial risk management objectives and policies**

The Company's financial assets includes loans and trade receivables, and cash and cash equivalents that comes directly from its operations and financial liabilities comprises of loans and borrowings, trade and other payables. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of the various risks.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks. All the derivative activities for risk management purposes are managed by experienced teams. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The following table mentions the risk the Company is exposed to and how it manages it

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Market Risk- Interest rate risk	Borrowings	Sensitivity Analysis	Interest Rate Swaps
	Term Deposits		
Market Risk-Foreign Exchange	Recognised financial assets and liabilities not denominated in INR	Cash Flow Analysis	Forward Foreign Exchange Contracts
		Sensitivity Analysis	
Market Risk- Equity price risk	Investment in Mutual Fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Aging Analysis	Diversification of credit limits and letters of credit
		Credit Analysis	
Liquidity Risk	Borrowing and other liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

**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 include interest rate risk, foreign currency risk, and equity price risk. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables and loans and borrowings.

The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

**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 interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company is not very significantly exposed to interest rate risks except the variations in LIBOR rates as most of borrowings are linked to LIBOR.

0.5% changes in interest rate will increase the borrowing cost by Rs 0.66 crores.

The Company does not have significant investment in Bank deposits so not much exposed to Interest rate sensitivity.

**Foreign Currency Risk**

Foreign Currency risk is the risk that the future earnings, fair values of future cash flows will fluctuate because of changes in foreign exchange rates. The Company operates globally and portion of the business is transacted in USD and Euro. The Company evaluates exchange rate exposure and manages it by using derivatives like forward contracts and call spreads to hedge the foreign exchange risk.

Derivative instruments and unhedged foreign currency exposures



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

**a) Derivative outstanding as at the reporting date**

The Company has borrowings in foreign currency amounting to Rs. 65.14 crores (March 31, 2017: Rs. 59.58 crores). Accordingly, in order to hedge the foreign currency risk on these borrowings, the Company has taken foreign exchange forward contracts, which are as follows:

Name of the instrument	Currency	March 31, 2018	March 31, 2017
Forward contract to buy	USD	1.00	0.92

**b) Unhedged foreign currency exposure as at the reporting date:**

In USD

	March 31, 2018	March 31, 2017
	USD	USD
Trade Receivable	0.62	0.43
Borrowings	-	-
Trade Payables	0.01	-

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

In Rupees

	March 31, 2018	March 31, 2017
Impact of change in USD	0.40	0.28

**Equity price risk**

The Company's investments in mutual funds are subject to market price risk arising from uncertainties about future values of the invested securities. The Company manages the equity price risk through diversification. The portfolio reports are submitted to senior management on regular basis and the board of directors reviews and approves all investments. The investments in mutual funds pertains to Solar Mining Resources Limited, which is merged with the Company during the year.

Following are the details of investments which are subject to price risk:

	March 31, 2018	March 31, 2017
Investment in mutual funds	6.15	-

The impact of increases/ decreases of the BSE/ NSE index on the Company's equity shares and mutual funds and gain/ loss for the period would be Rs. 0.06 crores/- (March 31, 2017: NIL). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Company's investments having price risk moved in line with the index.

**Credit risk**

Credit risk arises from the possibility that the counter party may not be able to settle their obligation 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, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

**Cash and cash equivalents and deposits:** Balances and deposits with banks are subject to low credit risks due to good credit ratings assigned to the banks.



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

**Investments:** The Company limits its exposure to credit risk by generally investing in liquid securities and counterparties that have a good credit ratings. The group does not expect any credit losses from non-performance by these counter parties, and does not have any significant concentration of exposures to specific industry sectors.

**Loans:** The Company has given loans to certain unrelated parties. However there is no counter party risk.

**Trade and other receivables:**

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

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2018	30.95	9.51	17.42	57.88
As at March 31, 2017	13.94	5.48	28.21	47.63

The following table summarizes the changes in the Provisions made for the receivables:

	March 31, 2018	March 31, 2017
Opening balance	9.19	7.76
Provided during the year	-	1.43
Reversals of provisions	(4.02)	-
<b>Closing balance</b>	<b>5.17</b>	<b>9.19</b>

During the year the Company has written off an amount of Rs. 8.17 crores as the same were not recoverable  
No significant changes in estimation techniques or assumptions were made during the year

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management and then processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows.

**Maturity profile of financial liabilities**

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>March 31, 2018</b>						
Borrowings						
From related party	25.08	-	-	40.00	-	65.08
From Banks	5.39	5.07	31.51	28.55	-	70.52
Sales tax deferral loan	-	-	0.09	0.46	0.01	0.56
Trade payables	-	4.96	0.34	0.01	-	5.31
Other financial liabilities	-	4.32	1.48	-	-	5.80
<b>March 31, 2017</b>						
Borrowings						
From related party	17.94	-	-	-	-	17.94
From Banks	10.30	-	16.21	43.36	-	69.87
Sales tax deferral loan	-	-	0.06	0.50	0.06	0.62
Trade payables	-	3.19	0.29	-	-	3.48
Other financial liabilities	-	1.22	1.36	-	-	2.58
Derivative Instruments	-	-	0.86	2.95	-	3.81



**Economic Explosives Limited****Notes to Financial Statements for the year ended March 31, 2018****(All amounts in Rs. Crores , unless otherwise stated)****Note 33: Capital Management**

For the purpose of Company's capital management, capital includes issued share capital, share premium and all other equity reserves. The primary objective of capital management is to maximise shareholder value. The company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and risk managements of the underlying assets.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Net debt	88.51	62.89
Equity	332.32	287.63
Capital and net debt	<b>420.83</b>	<b>350.52</b>
<b>Gearing ratio</b>	<b>21.03%</b>	<b>17.94%</b>

Calculation of Net Debt is as follows:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Borrowings		
Non Current	69.11	43.98
Current	26.14	26.05
	<b>95.25</b>	<b>70.03</b>
Cash and cash equivalents	0.95	1.53
Bank balances other than cash and cash equivalents	5.79	5.61
	<b>6.74</b>	<b>7.14</b>
<b>Net Debt</b>	<b>88.51</b>	<b>62.89</b>



**Note 34: Details of dues to micro and small enterprises as defined under The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:**

	March 31, 2018	March 31, 2017
Principal amount outstanding (whether due or not) to micro and small enterprises	0.55	3.75
Interest due thereon	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of 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 MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of 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 MSMED Act, 2006	-	-



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

**Note 35: Business Combinations and acquisition**

**Amalgamations during the year**

On September 25, 2017, Economic Explosives Limited (EEL) filed the scheme of amalgamation of following companies before the National Company Law Tribunal (NCLT):

M/s Solar Mining Resources Limited (SMRL), a non-listed company based in India and specialising in prospecting, mining, exploration etc in marble, granite, coal.

M/s Solar Mines and Minerals Limited (SMML), a non-listed company based in India and specialising in prospecting, mining, exploration etc in marble, granite, coal.

M/s Solar Initiating Systems Limited (SISL), a non-listed company based in India and specialising in manufacturing, dealing and consulting of initiating systems.

The order approving the above mentioned scheme was passed by NCLT and the same was received by the Company on April 9, 2018. The appointed date as per the order is April 1, 2017.

As per the scheme and the order the accounting for amalgamation is required to be done in accordance with the Pooling of Interest method referred in Ind AS 103, Business Combinations. The difference, being the excess of the net assets values of SMRL, SMML and SISL shall be credited to the Capital Reserve in the books of EEL.

The book values of the assets, liabilities and reserves of the companies merged with Economic Explosives Limited, as at the date of appointed date were as follows:

	SMRL	SMML	SISL	Total
<b>Non Current Assets</b>				
Property Plant and Equipment	-	-	0.45	0.45
<b>Total Non Current Assets</b>	-	-	0.45	0.45
<b>Current assets</b>				
Financial assets				
Investments	5.49	-	-	5.49
Cash and cash equivalents	0.05	0.01	0.03	0.09
Other current assets	-	-	0.02	0.02
Other receivables	-	-	0.01	0.01
<b>Total Current Assets</b>	<b>5.54</b>	<b>0.01</b>	<b>0.06</b>	<b>5.61</b>
<b>Total Assets</b>	<b>5.54</b>	<b>0.01</b>	<b>0.51</b>	<b>6.06</b>
<b>Equity</b>				
Other equity Reserves	5.39	-0.85	-0.96	3.58
<b>Total Other equity</b>	<b>5.39</b>	<b>-0.85</b>	<b>-0.96</b>	<b>3.58</b>
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
Deferred tax liabilities	0.04	-	-	0.04
<b>Total non-current liabilities</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>0.04</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	-	0.80	1.41	2.21
Trade payables	-	-	-	-
Other current liabilities	0.06	0.01	0.01	0.08
<b>Total current liabilities</b>	<b>0.06</b>	<b>0.81</b>	<b>1.42</b>	<b>2.29</b>
<b>Total Liabilities</b>	<b>0.10</b>	<b>0.81</b>	<b>1.42</b>	<b>2.33</b>
<b>Net Assets</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.15</b>
Payable to Shareholders	-	-	0.01	0.01
<b>Capital Reserve</b>	<b>0.05</b>	<b>0.05</b>	<b>0.04</b>	<b>0.14</b>



**Economic Explosives Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(All amounts in Rs. Crores , unless otherwise stated)**

**Note 36: Research and Development Expenditure:**

Capital Expenditure incurred on R&D is included in Property, Plant and Equipment and depreciation is provided on the same at the respective applicable rates.

Revenue expenditure incurred on R&D has been included in the respective account heads in statement of profit and loss

	March 31, 2018	March 31, 2017
In the nature of Revenue Expenditure	11.79	7.59
In the nature of Capital Expenditure	1.56	2.17
<b>Total</b>	<b>13.35</b>	<b>9.76</b>

**Note 37: Recent accounting pronouncements**

**Standards issued but not effective**

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company in the first quarter of financial year 2018-19 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* , with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed. This standard will come into force from accounting period commencing on or after 1 April 2018.

**Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal Company that is classified) as held for sale.

As at 31 March 2018, there are not entities classified as held for sale and hence these amendment is unlikely to affect the Company's financial statements. The amendment are effective retrospectively for annual periods beginning on or after 1 April 2018.

**Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.





#### Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

#### Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Company.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the interpretation, the Company does not expect any effect on its consolidated financial statements.

As per our report of even date attached

**For Akshay Rathi & Associates**

Chartered Accountants

ICAI Firm's Registration Number: 139703W



**Akshay Rathi**

Proprietor

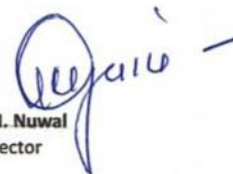
Membership No.: 161910



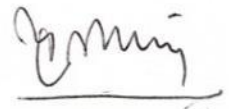
Place: Nagpur

Date: May 10, 2018

For and on behalf of the Board of Directors of  
**Economic Explosives Limited**



**S.N. Nuwal**  
Director



**Manish Nuwal**  
Director

Place: Nagpur

Date: May 10, 2018