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INDEPENDENT AUDITOR'S REPORT

To the Members of Economic Explosives Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Economic Explosives Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("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, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Carrying value of trade receivables</u> (as described in note 2.2(h)(4) of the financial statements)</td></tr>
<tr><td>As at March 31, 2023, trade receivables constitutes approximately 18% of total assets of the Company. The Company is required to regularly assess the recoverability of its trade receivables.

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The Company uses a provision matrix to determine impairment loss allowance. The provision matrix is based on its historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates.

This is a key audit matter as significant judgement is involved to establish the provision matrix.

The trade receivables balance, credit terms and aging as well as the Company's policy on impairment of receivables have been disclosed in note 6 to the financial statements.</td><td>Our audit procedures included, among others the following:

• Evaluated the Company's accounting policies pertaining to impairment of financial assets and assessed compliance with those policies in terms of Ind AS 109 - Financial Instruments.

• Assessed and tested the design and operating effectiveness of the Company's internal financial controls over provision for expected credit loss.

• Evaluated management's assumption and judgment relating to various parameters which included the historical default rates and business environment in which the entity operates for estimating the amount of such provision.

• Evaluated management's assessment of recoverability of the outstanding receivables and recoverability of the overdue / aged receivables through inquiry with management, and analysis of collection trends in respect of receivables.

• Assessed and reviewed the disclosures made by the Company in the financial statements.</td></tr>
</table>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2023, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 02, 2022.

Report on Other Legal and Regulatory Requirements

i. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 to the financial statements;

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

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief no funds have been received by the Company from any person or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable

For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Reg. number: 103031W

Chandrashekhar Nandalalji Rathi
Digitally signed by Chandrashekhar Nandalalji Rathi
Date: 2023.05.03 13:34:15 +05'30'

per C.N. Rathi
Partner
Membership No.: 39895

UDIN: 23039895BGXQPE4546

Place: Nagpur
Date: May 3, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg. number: 324982E/E300003

PRAMOD KUMAR BAPNA
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Date: 2023.05.03 15:00:10 +05'30'

per Pramod Kumar Bapna
Partner
Membership No.: 105497

UDIN: 23105497BGXBNO3887

Place: Nagpur
Date: May 3, 2023

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ECONOMIC EXPLOSIVES LIMTED

(Referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date)

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(i)(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

(i)(b) All property, plant and equipment 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 and no material discrepancies were noticed on such verification.

(i)(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(i)(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The management has conducted physical verification of inventory [including inventory lying with third parties] at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(ii)(b) As disclosed in note 12 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company.

(iii)(a) During the year the Company has provided loans, investments and guarantees to companies as follows:

Particulars	Loans	Investments	Guarantee
Aggregate amount granted/Provided during the year	438.27	-	30.00
Subsidiaries	-	-	-
Associates	-	-	-
Joint Ventures	-	-	-
Others	438.27	-	30.00
<u>Balance outstanding as at balance sheet date</u>			
Subsidiaries	-	-	-
Associates	-	-	-
Joint Ventures	-	-	-
Others	50.22	-	-

(iii)(b) During the year the investments made, loans granted and guarantees provided and the terms and conditions of the grant of all loans and guarantees to companies are not prejudicial to the Company's interest.

(iii)(c) The Company has granted loans during the year to companies where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(iii)(d) There are no amounts of loans and advances in the nature of loans granted to companies which are overdue for more than ninety days.

(iii)(e) There were no loans or advance in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(iii)(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to manufacture of defence equipments, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of provident fund which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the Statute	**Nature of the Dues**	**Amount (Rs.)**	**Period to which the amount relates**	**Due Date**	**Date of Payment**	**Remarks, if any**
The Employee s' Provident Funds Scheme, 1952	PF Contribution	5,349/-	April-22	15.05.23	Not Paid	Employee's Aadhar not linked to PF UAN, hence not able to deposit with the EPFO
		4,986/-	May-22	15.06.23	Not Paid	
		4,475/-	Jun-22	15.07.23	Not Paid	
		4,940/-	Jul-22	15.08.23	Not Paid	
		5,082/-	Aug-22	15.09.23	Not Paid	

(vii)(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	**Nature of the dues**	**Amount (Rs. in crore)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Maharashtra Value Added Tax Act, 2002	Demand of VAT	0.03	2015-16	JSCT (Appeals)
Central Sales Tax Act, 1956	Demand of CST (including penalty)	0.01	2015-16	JSCT (Appeals)
Central Sales Tax Act, 1956	Demand of CST (including penalty)	4.91*	2013-14 to 2017-18	Tribunal
Income Tax Act	Demand of Income Tax	0.11	2017-18	CIT (APPEALS)

*Net of amount deposited under protest of Rs. 0.48 crores

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix)(c) Term loans were applied for the purpose for which the loans were obtained.

(ix)(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix)(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(ix)(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a)/(b)/(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi)(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 37 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) 3(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 25(b) to the financial statements.

3(xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 25(b) to the financial statements.

For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Reg. number: 103031W

Chandrashekhar Nandalalji Rathi
Digitally signed by Chandrashekhar Nandalalji Rathi
Date: 2023.05.03 13:34:56 +05'30'

per C.N. Rathi
Partner
Membership No.: 39895

UDIN: 23039895BGXQPE4546

Place: Nagpur
Date: May 03, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg. number: 324982E/E300003

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per Pramod Kumar Bapna
Partner
Membership No.: 105497

UDIN: 23105497BGXBNO3887

Place: Nagpur
Date: May 03, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ECONOMIC EXPLOSIVES LIMTED

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

We have audited the internal financial controls with reference to financial statements of Economic Explosives Limited ("the Company") as of March 31, 2023 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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Reg. number: 103031W

Chandrashekhar Nandalalji Rathi
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Date: 2023.05.03 13:35:26 +05'30'

per C.N. Rathi
Partner
Membership No.: 39895

UDIN: 23039895BGXQPE4546

Place: Nagpur
Date: May 3, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg. number: 324982E/E300003

PRAMOD KUMAR BAPNA
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Date: 2023.05.03 15:01:09 +05'30'

per Pramod Kumar Bapna
Partner
Membership No.: 105497

UDIN: 23105497BGXBNO3887

Place: Nagpur
Date: May 3, 2023

Economic Explosives Limited
Balance Sheet as at March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

	Notes	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3A	530.44	455.50
Capital work-in-progress	3A	48.31	53.07
Intangible assets	3B	42.40	33.36
Intangible assets under development	3B	0.28	9.09
Right-of-use assets	3C	2.15	2.63
Financial assets			
Loans	4	-	-
Other financial assets	5	55.98	39.21
Current tax assets (net)		24.08	22.83
Other non-current assets	8	99.87	21.28
Total non-current assets		**803.51**	**636.97**
Current assets			
Inventories	9	186.28	111.72
Financial assets			
Investments		-	-
Trade receivables	6	254.53	171.06
Cash and cash equivalents	7	24.18	8.68
Bank balances other than cash and cash equivalents	7	7.50	7.32
Loans	4	50.22	-
Other financial assets	5	6.73	17.21
Other current assets	8	46.93	19.19
Total current assets		**576.37**	**335.18**
Total assets		**1,379.88**	**972.15**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	4.80	4.80
Other equity	11	869.53	693.31
Total equity		**874.33**	**698.11**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	12	109.39	64.03
Lease Liabilities	3C	1.73	2.23
Deferred tax liabilities (net)	13	53.02	46.56
Total non-current liabilities		**164.14**	**112.82**
Current liabilities			
Financial liabilities			
Borrowings	12	84.63	81.83
Trade payables			
a) total outstanding dues of micro enterprises and small enterprises	14	6.39	3.26
b) total outstanding dues of creditors other than micro enterprises and small enterprises	14	48.44	20.49
Lease Liabilities	3C	0.50	0.43
Other financial liabilities	15	23.37	14.64
Other current liabilities	16	173.83	37.10
Provisions	17	4.25	3.47
Total current liabilities		**341.41**	**161.22**
Total liabilities		**505.55**	**274.04**
Total equity and liabilities		**1,379.88**	**972.15**
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Registration Number : 103031W

Chandrashekhar Nandalalji Rathi
Digitally signed by Chandrashekhar Nandalalji Rathi Date: 2023.05.03 13:36:04 +05'30'

per C.N. Rathi
Partner
Membership No.- 39895

Place: Nagpur
Date: May 03, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

PRAMOD KUMAR BAPNA
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per Pramod Kumar Bapna
Partner
Membership No.- 105497

Place: Nagpur
Date: May 03, 2023

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

Satyanarayan Nandlalji Nuwal
Digitally signed by Satyanarayan Nandlalji Nuwal Date: 2023.05.03 12:53:55 +05'30'

S.N. Nuwal
Director
DIN: 00713547

Manish Satyanarayan Nuwal
Digitally signed by Manish Satyanarayan Nuwal Date: 2023.05.03 12:54:46 +05'30'

Manish Nuwal
Director
DIN: 00164388

Place: Nagpur
Date: May 03, 2023

Economic Explosives Limited
Statement of Profit and Loss for the Year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations	18	859.04	809.66
Other income	19	18.76	7.62
Total income		**877.80**	**817.28**
Expenses			
Cost of materials consumed	20	301.03	201.15
Purchases of stock-in-trade		121.34	176.84
Changes in inventories of finished goods, work in progress and stock in trade	21	(19.17)	(5.58)
Employee benefit expense	22	93.64	63.89
Finance costs	23	13.17	10.52
Depreciation and amortization expense	24	37.17	30.74
Other expenses	25	91.42	120.51
Total expenses		**638.60**	**598.07**
Profit before tax		**239.20**	**219.21**
Tax expense :			
- Current tax		55.54	52.37
- Adjustment of tax relating to earlier periods		1.20	(0.92)
- Deferred tax		6.39	(0.64)
Total tax expense	13	**63.13**	**50.81**
Profit for the year		**176.07**	**168.40**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements (loss)/gain on defined benefit plans		0.22	(2.15)
Income tax effect		(0.07)	0.54
		0.15	**(1.61)**
Total Other comprehensive income for the year, net of tax		**0.15**	**(1.61)**
Total comprehensive income for the year		**176.22**	**166.79**
Earnings per equity share			
Basic and Diluted earnings per share	26	366.82	350.83
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Registration Number:
103031W

Chandrashekhar Nandalalji Rathi
Digitally signed by Chandrashekhar Nandalalji Rathi
Date: 2023.05.03 13:36:27 +05'30'

per C.N. Rathi
Partner
Membership No.- 39895

Place: Nagpur
Date: May 03, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

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Date: 2023.05.03 15:03:08 +05'30'

per Pramod Kumar Bapna
Partner
Membership No.- 105497

Place: Nagpur
Date: May 03, 2023

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

Satyanarayan Nandlalji Nuwal
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S.N. Nuwal
Director
DIN: 00713547

Manish Satyanarayan Nuwal
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Date: 2023.05.03 12:56:11 +05'30'

Manish Nuwal
Director
DIN: 00164388

Place: Nagpur
Date: May 03, 2023

Economic Explosives Limited
Statement of cash flows for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	239.20	219.21
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and ammortisation expense	37.17	30.74
Discard of property, plant and equipment (net)	1.56	1.29
Gain/(loss) on Sale of property, plant and equipment (net)	(0.63)	0.01
Profit on sale of financial assets carried at fair value through profit or loss	(0.55)	(0.09)
Interest income	(8.79)	(3.35)
Finance costs	13.17	10.52
Advances / (Payables) written off/(back)	3.74	(0.02)
Sales tax mega project incentive written off	2.09	-
Impairment for Inventory	-	0.22
Impairment on financial assets (net)	(2.16)	(0.67)
Bad debts written off	0.56	0.23
Impairment loss on non current assets	-	1.33
Effect of exchange rate Change	(0.87)	(2.39)
Operating profit before working capital changes	**284.49**	**257.03**
Working capital adjustments :		
(Increase)/Decrease in trade receivables	(81.02)	(51.26)
(Increase)/Decrease in inventories	(74.56)	(35.76)
Increase/(Decrease) in trade payables	31.10	2.84
(Increase)/Decrease in other assets	(33.10)	(18.92)
Increase/(Decrease) in other liabilities	145.24	(18.17)
Cash generated from operations	**272.15**	**135.76**
Less : Income taxes paid	57.99	55.91
Net cash flows from operating activities	**214.16**	**79.85**
Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(183.86)	(94.09)
Proceeds from disposal of property, plant and equipment*	0.65	0.00
Loan Given to related party	(438.27)	-
Loan Recovered from related party	388.05	-
Proceeds from sale/(Purchase) of current investments(net)	0.55	0.09
(Investment)/Redemption in fixed deposits	(0.18)	(3.07)
Interest income received	2.02	0.24
Net cash flows used in investing activities	**(231.04)**	**(96.83)**
Cash flows from financing activities		
Proceeds from non-current borrowings	100.00	32.10
Repayment of non-current borrowings	(41.95)	(34.25)
Proceeds from / (Repayment of) current borrowings	(9.88)	3.17
Payment of principal portion of lease liabilities	(0.62)	(0.11)
Interest paid	(15.17)	(10.92)
Net cash flows used in financing activities	**32.38**	**(10.01)**
Net increase / (decrease) in cash and cash equivalents	15.50	(26.99)
Add:-Cash and cash equivalents at the beginning of the year	8.68	35.67
Cash and cash equivalents at end of the year (refer note 7)	**24.18**	**8.68**

* Amount is less than ₹ 0.01

Economic Explosives Limited
Statement of cash flows for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Changes in liabilities arising from financing activities

	March 31, 2022	Cash Flows	Foreign exchange impact	March 31, 2023
Short term borrowings	39.88	(9.88)	-	30.00
Long term borrowings (Including current maturities of long term borrowings)	105.97	58.05	-	164.02
Total liabilities from financing activities	**145.85**	**DIN: 00164388**	**-**	**194.02**

	March 31, 2021	Cash Flows	Foreign exchange impact	March 31, 2022
Short term borrowings	36.71	3.17	-	39.88
Long term borrowings (Including current maturities of long term borrowings)	108.12	(2.15)	-	105.97
Total liabilities from financing activities	**144.83**	**1.02**	**-**	**145.85**

Summary of significant accounting policies (refer note 2.1)
The above statement of cash flow has been prepared under the "Indirect Method" as set out in Ind AS 7, "Statement of Cash Flows".

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Registration Number:**103031W**
Chandrashekhar Nandalalji Rathi Digitally signed by Chandrashekhar Nandalalji Rathi Date: 2023.05.03 13:37:01 +05'30'
per C.N. Rathi
Partner
Membership No.- 39895

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
PRAMOD KUMAR BAPNA Digitally signed by PRAMOD KUMAR BAPNA DN: cn=PRAMOD KUMAR BAPNA, c=IN, o=Personal, email=pramod.bapna@srb.in Date: 2023.05.03 15:04:34 +05'30'
per Pramod Kumar Bapna
Partner
Membership No.- 105497

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

Satyanarayan Nandlalji Nuwal Digitally signed by Satyanarayan Nandlalji Nuwal Date: 2023.05.03 12:56:50 +05'30'
S.N. Nuwal
Director
DIN: 00713547

Manish Satyanarayan Nuwal Digitally signed by Manish Satyanarayan Nuwal Date: 2023.05.03 12:57:27 +05'30'
Manish Nuwal
Director
DIN: 00164388

Place : Nagpur
Date: May 03, 2023

Place : Nagpur
Date: May 03, 2023

Place : Nagpur
Date: May 03, 2023

Economic Explosives Limited
Statement of changes in equity for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

A. Equity share capital

	No of Shares	Amount
As at April 1, 2021	48,00,000	4.80
(Equity shares of ₹ 10 each issued, subscribed & fully paid)		
As at March 31, 2022		
(Equity shares of ₹ 10 each issued, subscribed & fully paid)	48,00,000	4.80
As at March 31, 2023		
(Equity shares of ₹ 10 each issued subscribed & fully paid)	**48,00,000**	**4.80**

B. Other equity

	Reserve and Surplus			Total other equity
	Retained earnings (Note 11)	Capital Reserve (Note 11)	General Reserve (Note 11)	
Balance as at April 1, 2021	**298.75**	**1.26**	**226.51**	**526.52**
Profit for the year	168.40	-	-	168.40
Remeasurment loss on defined benefit plan (net of tax)	(1.61)	-	-	(1.61)
Balance as at March 31, 2022	**465.54**	**1.26**	**226.51**	**693.31**
Balance as at April 1, 2022	**465.54**	**1.26**	**226.51**	**693.31**
Profit for the year	176.07	-	-	176.07
Remeasurment gain on defined benefit plan (net of tax)	0.15	-	-	0.15
				-
Balance as at March 31, 2023	**641.76**	**1.26**	**226.51**	**869.53**

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm Registration Number:**103031W**

Chandrashekhar Nandalalji Rathi
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Date: 2023.05.03 13:37:57 +05'30'

per C.N. Rathi
Partner
Membership No.- 39895

Place: Nagpur
Date: May 03, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

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per Pramod Kumar Bapna
Partner
Membership No.- 105497

Place: Nagpur
Date: May 03, 2023

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

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Date: 2023.05.03 12:58:39 +05'30'

Manish Nuwal
Director
DIN: 00164388

Place: Nagpur
Date: May 03, 2023

Note 1: Corporate Information

Economic Explosives Limited ('the Company') is a Company domiciled in India and has its registered office at Solar House 14, Kachimet, Amravati Road, Nagpur – 440023 (Maharashtra). The Company has been incorporated under the provisions of Companies Act applicable in India and is a wholly owned subsidiary of Solar Industries India Limited, which is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is primarily involved in manufacturing of complete range of Industrial explosives, initiating explosives, defence explosives and ammunitions.

Note 2: Basis of preparation and Summary of 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 (including derivative instruments) and defined benefit plans which have been measured at fair value. The accounting policies are consistently applied by the Company to all the period mentioned in the financial statements.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.2 Summary of significant accounting policies

a. Use of estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, disclosure of contingent liabilities 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

Capital work in progress is stated at cost, net of accumulated impairment loss, if any Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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. All other repair and maintenance costs are recognised in profit or loss as incurred.

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 year during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the statement of profit and loss when the asset is derecognised.

c. Intangible assets

Intangible assets including software 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. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Any gains or losses arising upon derecognition 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 derecognised.

d. Depreciation and amortization

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 (in years)**	**Useful life as prescribed under schedule II to the companies act 2013 (in years)**
Property Plant and Equipment		
Buildings:		
Factory buildings	10 to 30	30
Other buildings	3 to 60	60
Roads (RCC and WBM)	3 to 30	3 to 10
Plant and Machinery:		
Factory Plant and Machinery	5 to 25	15 to 25
Electrical installation and Lab equipment	10	10
Furniture and fixtures	10	10
Vehicles	5 to 10	8 to 10
Office equipment and Computers	2 to 6	3 to 6
Transfer of Technology (TOT)	As per Agreement	As per Agreement
Software	3 to 6	3 to 6
Product development	5	As per Ind AS 38 Intangible Assets

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

e. Impairment of Property, Plant and Equipment , Intangible assets and Right-of-use assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation surplus.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

f. Borrowing costs

Borrowing costs directly attributable to acquisition, or construction or production 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. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1. Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office Building 2 to 10 years
- Leasehold Land 30 to 99 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of Property, Plant and Equipment, Intangible assets and Right-of-use Assets'.

The Company's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

2. Lease Liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of vehicles, and office buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

h. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition in the following categories:

- as subsequently measured at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Company's business model for managing them

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:

A.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.

A.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:

B.1 Fair value through OCI:

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

B.2 Fair value through profit and loss:

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established

C. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an o pay the received cash flows in full without material delay to a third party under a 'pa arrangement; and either (a) the Company has transferred substantially all the risks and rewards or (b) the Company has neither transferred nor retained substantially all the risks and rewards o but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. 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.

C. Financial guarantee contracts :

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

3. Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, foreign currency option 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, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

4. 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 Recognition

Revenue from Contract with Customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

a. Sale of products:

Revenue from sale of products is recognised at the point in time when control of the goods is transferred to the customer, generally on shipment or delivery. The normal credit term is 30-120 days from shipment or delivery as the case may be.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

In determining the transaction price for the sale of good or rendering of service, the Company considers the effects of variable consideration and provisional pricing, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

1.Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The volume rebates give rise to variable consideration.

- **Volume rebates and discounts**

The products are often sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

2. Significant financing component

In many cases, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Hence, there is no financing component which needs to be separated.

b. Sale of project

Revenue from sale of project is recognised at the point in time when control of the project is transferred to the customer, generally on completion of installation. Revenue from sale of projects is measured at the fair value of the consideration received or receivable.

c. Interest Income:

Interest income is recognized on a time proportion basis considering the carrying amount and the effective interest rate. Interest income is included under the head ‘Other income’ in the statement of profit and loss.

d. Dividend:

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.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in note no.2.2 (h)(1) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

j. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grant received in the form of State Government GST/Sales Tax subsidy/Reimbursement of Provident Fund has been considered as revenue grant and the same has been recognized in the statement of profit and loss under the head 'Other operating revenues'.

k. Foreign currencies Transactions 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 except for exchange differences on foreign currency borrowings relating to assets under construction for productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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.

l. 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

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan is a final salary plan for the employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. 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 fund has the form of a trESust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Under the gratuity plan, Company makes contribution to Economic Explosives Limited employee group gratuity assurance scheme (Post employment benefit plan of the Company (refer note 29). The scheme is funded with an insurance company in the form of qualifying insurance policy.

(iii) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit for measurement purposes. 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. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

n. Tax Expenses

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 and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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, and any unused tax loses, 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 to allow all or part of the deferred tax asset to be utilised.

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.

<u>Sales/ value added taxes/ GST paid on acquisition of assets or on incurring expenses</u>

Expenses and assets are recognized net of the amount of sales/ value added taxes/ GST paid, except:

a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
b) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Provision for uncertain income tax positions/treatments are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. This requires the application of judgement as to the ultimate outcome. Judgements mainly relates to treatment of incentives (e.g. sales tax incentive), expenditure deductible / disallowances for tax purposes

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 Board of Directors of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

p. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the 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 year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

A provision is recognized when the Company has a present obligation (legal and constructive) 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 of the amount of obligation. 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, when appropriate, 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 or a reliable estimate of the amount cannot be made.

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.

t. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

u. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decisions to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.
For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (If applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

v. Exceptional Item

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such items is disclosed separately under the head exceptional item.

w. Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during 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.

Expenditure on research and development eligible for capitalization are carried as Capital Work-in-Progress 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 depreciation period and the depreciation method for intangible assets with a finite useful life are reviewed at each reporting date.

x. Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:
• Capital management - Note 33
• Financial risk management objectives and policies - Note 32
• Sensitivity analysis disclosures - Notes 32

Useful Lives of Property, Plant & Equipment

The Company uses its technical expertise along with historical trends for determining the useful life of an asset/component of an asset which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets**.**

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Recoverability of Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Impairment of financial assets

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Receivables under Package Scheme of Incentives 2007 (PSI)

The Company is eligible to claim benefits under Package Scheme of Incentives 2007 and 2013, in the form of State Government GST / Sales tax subsidy / reimbursement of provident fund. The eligibility of the benefits are subject to the Company confirming terms and conditions mentioned in the eligibility certificate. The Company uses judgement to establish the recoverability and the timings of the receipts.

2.3 Changes in accounting policies and disclosures

Application of the following amendments to the existing standards did not have any significant impact on the financial statements of the Company:

Ind AS 16 - Property, Plant and Equipment
Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
Ind AS 41 - Agriculture
Ind AS 101 - First- time Adoption of Indian Accounting Standards
Ind AS 103 - Business Combinations
Ind AS 109 - Financial Instruments

The Company has not early adopted any standards, amendments that have been issued but are not yet effective / notified.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 3(A) : Property, plant and equipment

	Land	Buildings	Furniture and Fixure	Plant and Machinery	Vehicles	Office Equipments and Computers	Total
Year ended March 31, 2022							
Gross carrying amount							
Opening gross carrying amount as at April 1, 2021	60.56	259.77	3.51	170.80	3.41	3.64	501.70
Additions	-	31.34	0.58	34.24	0.72	1.87	68.75
Assets written off	-	(2.62)	(0.17)	(0.22)	-	(0.00)	(3.01)
Disposals	-			(0.01)	-	(0.36)	(0.37)
Closing Gross Carrying Amount as at March 31, 2022	**60.56**	**288.49**	**3.93**	**204.81**	**4.13**	**5.14**	**567.06**
Accumulated depreciation							
Opening accumulated depreciation as at April 1, 2021	-	41.19	1.28	41.67	1.86	2.06	88.06
Depreciation charge for the year	-	11.50	0.36	12.45	0.32	0.95	25.58
Assets written off	-	(1.44)	(0.14)	(0.14)	-	(0.00)	(1.72)
Disposals	-	-	-	(0.01)	-	(0.35)	(0.36)
Closing Accumulated Depreciation as at March 31, 2022	**-**	**51.25**	**1.50**	**53.97**	**2.18**	**2.66**	**111.56**
Net carrying amount as at March 31, 2022	**60.56**	**237.24**	**2.43**	**150.84**	**1.95**	**2.48**	**455.50**
Year ended March 31, 2023							
Gross carrying amount							
Opening gross carrying amount as at April 1, 2022	60.56	288.49	3.93	204.81	4.13	5.14	567.06
Additions	4.44	53.98	2.28	39.31	1.42	3.51	104.94
Assets written off	-	(1.44)	(0.02)	(2.93)	-	(0.12)	(4.51)
Disposals / Sale	(0.00)	-	-	-	(0.51)	-	(0.51)
Closing Gross Carrying Amount as at March 31, 2023	**65.00**	**341.03**	**6.19**	**241.19**	**5.04**	**8.53**	**666.98**
Accumulated depreciation							
Opening accumulated depreciation as at April 1, 2022	-	51.25	1.50	53.97	2.18	2.66	111.56
Depreciation charge for the year	-	11.43	0.42	15.10	0.41	1.05	28.41
Assets written off	-	(0.53)	(0.01)	(2.31)	-	(0.10)	(2.95)
Disposals		-	-	-	(0.48)	-	(0.48)
Closing Accumulated Depreciation as at March 31, 2023	**-**	**62.15**	**1.91**	**66.76**	**2.11**	**3.61**	**136.54**
Net carrying amount the year ended March 31, 2023	**65.00**	**278.88**	**4.28**	**174.43**	**2.93**	**4.92**	**530.44**

Note 3 (A):Capital Work in Progress

	Freehold Land	Buildings	Furniture, fittings and Equipment	Plant and Machinery	Vehicles	Office Equpments	Total
Year ended March 31, 2022							
Gross carrying value							
Opening Carrying Value	-	20.11	0.24	22.58	0.31	0.25	43.48
Additions	-	35.54	0.43	39.01	0.41	1.46	76.86
Less:- Capitalization	-	(30.21)	(0.56)	(34.19)	(0.72)	(1.58)	(67.27)
Asset Written off	-	-	-	-	-	-	-
Net carrying amount as at March 31, 2022	**-**	**25.44**	**0.11**	**27.40**	**-**	**0.12**	**53.07**
Year ended March 31, 2023							
Gross carrying value							
Opening Carrying Value	-	25.44	0.11	27.40	-	0.12	53.07
Additions	4.44	50.69	2.39	36.85	1.56	4.71	100.64
Less:- Capitalization	(4.44)	(53.98)	(2.28)	(39.31)	(1.42)	(3.51)	(104.94)
Asset Written off	-	-	-	(0.46)	-	-	(0.46)
Net carrying amount as at March 31, 2023	**-**	**22.15**	**0.22**	**24.48**	**0.14**	**1.32**	**48.31**

***Amount is less than ₹ 0.01**

Notes-

1) Gross carrying amount and accumulated depreciation have been regrouped and netted in line with deemed cost exemption opted out by the Company as per Ind AS, with effect from April 1, 2015 i.e. date of transition to Ind AS for the Company.

2) The above property, plant and equipment are subject to first pari passu charge on the non current loans from banks and second pari passu charge on the working capital loans, both present and future (refer note 12A).

3) The amount of borrowing costs capitalised during the year ended March 31, 2023 was ₹ 1.56 (March 31, 2022: ₹ 0.55) The average rate used to determine the amount of borrowing costs eligible for capitalisation was 7.63 %, which is the effective interest rate of the borrowings made specifically to acquire/ construct the qualifying asset. (refer note 23)

4) The Company has discarded certain assets based on the physical verification conducted. During the year ended on March 31, 2023, the loss on such assets is Rs. 1.56 (net) in Building, Furniture & Fixture , Plant & machinery and office equipment and computers due to wear and tear over a period of time.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 3(A) : Capital Work in Progress (CWIP) Ageing Schedule

As at March 31, 2023

(a) CWIP ageing as on March 31, 2023

CWIP	Amount in CWIP for a period of				
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Project in Progress	37.58	3.56	3.86	3.31	**48.31**
Projects temporarily suspended	-	-	-	-	-
Total	**37.58**	**3.56**	**3.86**	**3.31**	**48.31**

As at March 31, 2022

(b) CWIP ageing as on March 31, 2022

CWIP	Amount in CWIP for a period of				
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Project in Progress	44.47	5.29	3.31	-	**53.07**
Projects temporarily suspended	-	-	-	-	-
Total	**44.47**	**5.29**	**3.31**	-	**53.07**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 3(B) : Intangible assets

	Transfer of Technology (TOT) [2]	Software & Licence	Product Development Cost	Total
Year ended March 31, 2022				
Gross carrying amount				
Opening gross carrying amount as at April 1,2021 [1]	31.74	0.14	15.98	47.86
Additions	8.15	0.16	-	8.31
Gross carrying amount as at March 31,2022	**39.89**	**0.30**	**15.98**	**56.17**
Accumulated amortization				
Opening amortization of Intangible Assets as at April 1,2021 [1]	10.32	0.04	5.88	16.24
Amortization for the year	3.33	0.05	3.19	6.57
Accumulated amortization as at March 31,2022	**13.65**	**0.09**	**9.07**	**22.81**
Net carrying amount as at March 31, 2022	**26.24**	**0.21**	**6.91**	**33.36**
Year ended March 31, 2023				
Gross carrying amount				
Opening gross carrying amount as at April 1,2022	39.89	0.30	15.98	56.17
Addition	0.64	2.10	14.44	17.18
Gross carrying amount as at March 31,2023	**40.53**	**2.40**	**30.42**	**73.35**
Accumulated amortization				
Opening amortization of Intangible Assets as at April 1,2022	13.65	0.09	9.07	22.81
Amortisation for the year	4.03	0.20	3.91	8.14
Accumulated amortization as at March 31,2023	**17.68**	**0.29**	**12.98**	**30.95**
Net carrying amount as at March 31, 2023	**22.85**	**2.11**	**17.44**	**42.40**

Notes :
1. Gross carrying amount and accumulated amortisation have been regrouped and netted in line with deemed cost exemption opted out by the Company as per Ind AS, with effect from April 1, 2015 i.e. date of transition to Ind AS for the Company.
2. The Company has entered into agreements with DRDO & other organisations for sharing knowledge of development of defense products.

Note 3 (B) : Intangible Asset under development

	Transfer of Technology (TOT)	Sooftware & Licence	Product Development Cost	Total
Year ended March 31, 2022				
Gross carrying value				
Opening carrying Value	3.27	0.07	4.88	8.22
Additions	4.97	0.10	4.11	9.18
Capitalization	(8.15)	(0.16)	-	(8.31)
Net carrying amount as at March 31, 2022	**0.09**	**0.01**	**8.99**	**9.09**
Year ended March 31, 2023				
Gross carrying value				
Opening carrying Value	0.09	0.01	8.99	9.09
Additions	0.55	2.37	5.45	8.37
Capitalization	(0.64)	(2.10)	(14.44)	(17.18)
Net carrying amount as at March 31, 2023	**-**	**0.28**	**-**	**0.28**

Economic Explosives Limited
Statement of changes in equity for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 3B : Intangible Asset Under development (IAUD) ageing Schedule

A. IAUD ageing as on March 31,2023

(a) IAUD ageing schedule

IAUD	Amount in IAUD for a period of				
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Project in Progress	0.28	-	-	-	**0.28**
Projects temporarily suspended	-	-	-	-	-
Total	**0.28**	**-**	**-**	**-**	**0.28**

B. IAUD ageing as on March 31,2022

(b) IAUD ageing schedule

IAUD	Amount in IAUD for a period of				
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Project in Progress	4.20	3.38	0.69	0.82	**9.09**
Projects temporarily suspended	-	-	-	-	-
Total	**4.20**	**3.38**	**0.69**	**0.82**	**9.09**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 3C. Leases

Company as Lessee

The Company has lease contracts for Office/Factory buildings. Leases of office/factory building have lease terms of 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for leases.

A. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Office/Factory Buildings	Total
Year ended March 31, 2022		
As at April 1, 2021		
Additions	2.77	2.77
Termination	-	-
Depreciation	(0.14)	(0.14)
As at March 31, 2022	**2.63**	**2.63**
Year ended March 31, 2023		
As at April 1, 2022	**2.63**	**2.63**
Additions	0.53	0.53
Termination	(0.33)	(0.33)
Depreciation	(0.68)	(0.68)
As at March 31, 2023	**2.15**	**2.15**

B. Lease Liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

	March 31, 2023	March 31, 2022
Opening Balance	2.66	2.77
Additions	0.44	-
Termination	(0.33)	-
Accretion of interest	0.18	0.04
Payments	(0.72)	(0.15)
Closing Balance	**2.23**	**2.66**
Current	0.50	0.43
Non-current	1.73	2.23

The maturity analysis of lease liabilities are disclosed in Note 32
The effective interest rate for lease liabilities is 7.00 %, with maturity between 2021-2026

The following are the amounts recognised in profit or loss:

	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	0.68	0.14
Interest expense on lease liabilities	0.18	0.04
Interest income on financial asset measured at amortised cost	0.02	-
Expense relating to short-term leases (included in other expenses)	0.30	0.24
Total amount recognised in profit or loss	**1.18**	**0.42**

The Company had total cash outflows for leases of ₹ 1.02 Crores in March 31, 2023 (₹ 0.39 in March 31, 2022).

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 4: Loans

	March 31, 2023		March 31, 2022	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Loan to Related party	50.22	-	-	-
Loan to Others	0.15	-	0.15	-
Provision of Loan written -off	(0.15)	-	(0.15)	-
	50.22	**-**	**-**	**-**

Notes:
1. Loans are non derivative financial assets which generate a fixed interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
2. 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.

3. Current loans to related parties pertain to funds advanced for working capital purposes. The said loans are repayable as per repayment schedule and carry an interest at the rate of 8% per annum.

Note 5: Other financial assets

	March 31, 2023		March 31, 2022	
	Current	Non-Current	Current	Non-Current
State government incentive receivables	4.18	54.07	16.90	37.67
Security deposits	0.15	1.91	0.01	1.54
Interest accrued from others	-	-	0.03	-
Interest accrued but not due on fixed deposits	0.24	-	0.14	-
Interest accrued from the related party (Refer Note 29C)	2.16	-	-	-
Others receivable	-	-	0.13	-
	6.73	**55.98**	**17.21**	**39.21**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 6: Trade receivables

	March 31, 2023	March 31, 2022
Trade receivables	26.76	78.88
Receivables from related parties (refer note 29D)	228.66	95.23
Less: Impairment Allowance	(0.89)	(3.05)
Total Trade receivables	**254.53**	**171.06**

Break-up of security details

	March 31, 2023	March 31, 2022
Secured, considered good	-	15.00
Unsecured Considered good	254.91	158.45
Trade Receivables - which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	0.51	0.66
	255.42	**174.11**
Impairment allowance		
Unsecured, considered good	(0.38)	(2.39)
Trade Receivables - which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	(0.51)	(0.66)
	(0.89)	**(3.05)**
Total Trade receivables	**254.53**	**171.06**

Trade receivable ageing schedule

	Outstanding for following periods from due date of payment - March 31, 2023						
	Not Due	**<6 month**	**6 month-1 year**	**1-2 Years**	**2-3 Years**	**>3year**	**Total**
(i) Undisputed Trade receivables - considered good	51.23	190.32	11.42	1.93	0.01	-	**254.91**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables – credit impaired		-	-	-	-	0.51	**0.51**
Total	**51.23**	**190.32**	**11.42**	**1.93**	**0.01**	**0.51**	**255.42**

	Outstanding for following periods from due date of payment - March 31, 2022						
	Not Due	**<6 month**	**6 month-1 year**	**1-2 Years**	**2-3 Years**	**>3year**	**Total**
(i) Undisputed Trade receivables - considered good	76.14	71.54	22.32	2.69	0.76	-	**173.45**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables – credit impaired	-	0.00	-	-	0.01	0.65	**0.66**
Total	**76.14**	**71.54**	**22.32**	**2.69**	**0.78**	**0.65**	**174.11**

Notes :

1) 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.

2) Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.

3) There are no "unbilled" trade receivables, hence the same are not disclosed in the ageing schedule.

Set out below is the movement in the allowance for expected credit losses of trade receivables :

	March 31, 2023	March 31, 2022
As at April 1	3.05	3.72
Reversal of expected credit losses	(2.16)	(0.67)
As at March 31	**0.89**	**3.05**

Note 7: Cash and bank balances

	March 31, 2023	March 31, 2022
Cash and cash equivalents		
Balances with banks		
On current accounts	23.70	8.67
Deposits with Bank	0.47	-
Cash on hand	0.01	0.01
	24.18	**8.68**
Bank balances other than cash and cash equivalents		
Balances with Bank held as margin money or security against guarantee and other commitments	7.50	7.32
	7.50	**7.32**
	31.68	**16.00**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 8 : Other assets

	March 31, 2023		March 31, 2022	
	Current	**Non-Current**	**Current**	**Non-Current**
Capital advances	-	99.87	-	21.28
Prepayments	1.63	-	1.37	-
Advances to suppliers for goods and services	35.72	-	11.92	-
Advances to Related Party (Refer note 29C)	1.55	-	-	-
Advances to staff	0.12	-	0.18	-
Balances with revenue authorities	7.91	-	5.72	-
	46.93	**99.87**	**19.19**	**21.28**

Note 9: Inventories

	March 31, 2023	March 31, 2022
Raw materials and Packing materials (includes in transit of ₹ 4.81 crores (March 31, 2022: Rs 4.38 crores))	121.15	65.56
Work-in-progress	20.57	7.25
Finished goods (includes in transit ₹ 2.13 crores (March 31, 2022: Rs 0.54 crores))	38.33	23.85
Stock-in-trade (includes in transit ₹ 1.09 crores (March 31, 2022: Rs 9.72 crores))	1.09	9.72
Stores and spares	5.14	5.34
	186.28	**111.72**

Note :
Value of inventories above is stated after provision of ₹ 0.74 (previous year ₹ 0.22) for write down to net realisable value and provision for old / slow moving and obsolete items.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 10: Equity share capital

	Number of Shares		Amount	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Authorised equity share capital (face value ₹ 10 each)	66,00,000	66,00,000	6.60	6.60
	66,00,000	**66,00,000**	**6.60**	**6.60**
Issued, Subscribed and fully paid share capital (face value ₹ 10 each)	48,00,000	48,00,000	4.80	4.80
	48,00,000	**48,00,000**	**4.80**	**4.80**

(a) Movements in equity share capital

	Number of share	Amount
As at March 31, 2021	48,00,000	4.80
As at March 31, 2022	48,00,000	4.80
As at March 31, 2023	48,00,000	4.80

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	Number of Shares		Amount	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Ultimate holding/ Holding Company				
Solar Industries India Limited (par value ₹ 10 each fully paid)	48,00,000	48,00,000	4.80	4.80
	48,00,000	**48,00,000**	**4.80**	**4.80**

(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	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Solar Industries India Limited	100%	100%	48,00,000	48,00,000

Note :
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
Statement of changes in equity for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

(e). Details of Shares held by promoters :-

As at March 31, 2023

Equity shares of ₹ 10 each fully paid

S.No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
1	Solar Industries India Limited	48,00,000	-	48,00,000	100.00%	0.00%
Total		**48,00,000**	**-**	**48,00,000**		

As at March 31, 2022
Equity shares of ₹ 10 each fully paid

S.No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
1	Solar Industries India Limited	48,00,000	-	48,00,000	100.00%	0.00%
Total		**48,00,000**	**-**	**48,00,000**		

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

11: Other Equity

Retained earnings

As at April 1, 2021	**298.75**
Add : Profit for the year	168.40
Less :Transfer to General Reserve	-
Add/(less): Remeasurement (loss) on defined benefit plans	(1.61)
As at March 31, 2022	**465.54**
Add : Profit for the year	176.07
Less :Transfer to General Reserve	-
Add/(less): Remeasurement gain on defined benefit plans	0.15
As at March 31, 2023	**641.76**

Capital reserve

As at April 1, 2021	**1.26**
Movement for the year 2021-22	-
As at March 31, 2022	**1.26**
Movement for the year 2022-23	-
As at March 31, 2023	**1.26**

General reserve

As at April 1, 2021	**226.51**
Movement for the year 2021-22	-
As at March 31, 2022	**226.51**
Movement for the year 2022-23	-
As at March 31, 2023	**226.51**

Total Other equity

As at April 1, 2021	**526.52**
Movement for the year 2021-22	166.79
As at March 31, 2022	**693.31**
Movement for the year 2022-23	176.22
As at March 31, 2023	**869.53**

Nature and purpose of reserves -

1. Retained Earnings
Retained earnings are the profits that the Company has earned till date, less transfers to General Reserve and payment of dividend.

2 Capital reserve
The Company recognizes profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

3 General reserve
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 12: Borrowings

Note 12 A : Non-current borrowings

	March 31, 2023	March 31, 2022
Secured Borrowings carried at amortised cost		
Term loans from banks		
Indian rupee term loan	163.96	105.84
Interest accrued but not due	1.08	0.50
Sales tax deferral loan	0.06	0.13
	165.10	**106.47**
Less :		
Current maturities of long-term debt (see note below)	(54.63)	(41.95)
Interest accrued but not due on non-current borrowings (refer note 15)	(1.08)	(0.50)
	109.39	**64.03**

Note 12 B : Current borrowings

	March 31, 2023	March 31, 2022
Secured - at amortized cost		
From banks		
Current maturities of long-term debt (refer note 12A)	54.63	41.95
Indian rupee working capital loan	30.00	-
Unsecured		
From related parties		
Holding company	-	39.88
Interest accrued on current borrowings - related party (refer note 29D)	-	1.01
	84.63	**82.84**
Less :		
Interest accrued on current borrowings (refer note 15)	-	(1.01)
	84.63	**81.83**

Note :
Quarterly returns or statements of current assets filed with banks are in agreement with the books of account of the Company.
The Indian rupee working capital loan from Bank carries interest rate of 7.8%.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 12C : Maturity Profile

Maturity profile of Non current Borrowing (Including Current Maturities)

	Maturity date	Terms of repayment	March 31, 2023	March 31, 2022
Secured				
Indian rupee term loan	Dec 17, 2024	Repayable in twelve equal quarterly installment	29.17	45.83
Indian rupee term loan*	Dec 21, 2023	Repayable in eight equal quarterly installment after 1 year moratorium	15.00	35.01
Indian rupee term loan**	May 31, 2026	Repayable in 48 equal monthly installment after 1 year moratorium	19.79	25.00
Indian rupee term loan***	September 6, 2026	Repayable in twelve equal quarterly installment after 1 year moratorium	100.00	-
Sales tax deferral loan	Apr 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.06	0.13
			164.02	**105.97**

The Indian rupee long term loan from bank carries an interest rate of 1 yr MCLR.
*The above loans from Bank carry interest linked to 3 month T bill +164 bps
**The above loans from Bank carry interest linked to repo + 150 bps
***The above loans from Bank carry interest linked to 3 month Tbill +161 bps

Security

The above non current loans from banks are secured by first pari passu charge on the property, plant and equipments, both present and future, and second pari passu charge on the Company's current assets, both present and future. Working capital loans have first Pari Passu charge on the Company's entire current assets, both present and future, and second pari passu charge on the Company's property, plant and equipments, both present and future as per security document.

Loan covenants

Bank loan contains certain debt covenants relating to Total outside liabilities , tangible net worth, current ratio and debt service coverage ratio (DSCR) . The Company has satisfied all debt covenants prescribed in the terms of bank loans.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 13: Tax expenses

The major components of tax expense for the year ended March 31, 2023 and March 31, 2022 are :

Statement of profit and loss:

Profit or loss section

	March 31, 2023	March 31, 2022
Current income tax:		
Current income tax charge	55.54	52.37
Adjustment of tax relating to earlier periods	1.20	(0.92)
Deferred tax:		
Relating to origination and reversal of temporary differences	6.39	(0.64)
Tax expense reported in the statement of profit and loss	**63.13**	**50.81**

Other comprehensive income section

Deferred tax related to items recognised in OCI during in the year :

	March 31, 2023	March 31, 2022
Net (loss)/gain on remeasurements of defined benefit plans	0.07	(0.54)
Income tax charged to OCI	**0.07**	**(0.54)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022 :

	March 31, 2023	March 31, 2022
Accounting profit before tax	239.20	219.21
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	60.20	55.17
Effect of :		
Tax in respect to to earlier years	1.20	(0.92)
Corporate social responsibility	0.72	0.47
Donation	2.63	2.96
Reduction in opening deferred taxes resulting from reduction in tax rate	-	(6.48)
Others	(1.62)	(0.39)
Total income tax expense	**63.13**	**50.81**

Deferred tax
Deferred tax relates to the following :
Balance sheet

	March 31, 2023	March 31, 2022
Property plant and equipment: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	58.14	50.21
Provision for discounting of Non current asset	(2.48)	(1.62)
Leases	(0.04)	(0.01)
Employee benefits	(1.07)	(0.88)
Provision towards trade receivables	(0.22)	(0.77)
Provision towards non current asset	(0.34)	(0.34)
Provision for advances written off	(0.97)	(0.04)
Net deferred tax (assets)/ liabilities	**53.02**	**46.56**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Statement of profit or loss

	March 31, 2023	March 31, 2022
Property plant and equipment: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	7.93	(0.46)
Provision for discounting of Non current asset	(0.86)	(0.51)
Leases	(0.03)	(0.01)
Employee benefits	(0.19)	(0.19)
Provision towards trade receivables	0.54	0.31
Provision for advances witten off	(0.93)	-
Provision towards non current asset	(0.00)	(0.34)
Provision for advances written off	-	(0.01)
Others	(0.07)	0.57
Deffered tax expense/(income)	**6.39**	**(0.64)**

Reconciliation of deferred tax liabilities (net):

	March 31, 2023	March 31, 2022
Opening balance	**46.56**	**37.94**
Tax (income)/expense during the period recognised in profit or loss	6.39	(0.64)
Tax (income)/expense during the period recognised in OCI	0.07	(0.54)
On account of MAT credit adjuted with earlier years	-	9.80
Closing balance	**53.02**	**46.56**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liablities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 14: Trade payables

	March 31, 2023	March 31, 2022
Current		
Trade payables		
a) total outstanding dues of micro enterprises and small enterprises (refer note 37)	6.39	3.26
b) total outstanding dues of creditors other than micro enterprises and small enterprises	40.72	20.49
Acceptances #	7.72	-
Total Trade payables	**54.83**	**23.75**

Break up of trade payables

	March 31, 2023	March 31, 2022
Trade Payables other than related parties (including acceptances)	26.76	STARZSTARZ@101
Trade payables to related parties (refer note 29D)	28.07	4.55
	54.83	**4.55**

Trade payables ageing schedule

	Not due	Outstanding for following periods from due date of payment - March 31, 2023				
		<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues - MSME	4.76	1.63	-	-	-	**6.39**
(ii) Undisputed dues - Others	13.07	35.29	0.08	-	-	**48.44**
Total	**17.83**	**36.92**	**0.08**	**-**	**-**	**54.83**

	Not due	Outstanding for following periods from due date of payment - March 31, 2022				
		<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues - MSME	2.76	0.50	-	-	-	**3.26**
(ii) Undisputed dues - Others	14.91	5.58	-	-	-	**20.49**
Total	**17.67**	**6.08**	**-**	**-**	**-**	**23.75**

Note :
1) Trade payables are non-interest bearing and are normally settled within 0 to 60-days term.
2) For trade payables due to Micro and Small enterprises development, refer note 37
3) For terms and conditions with related parties, refer note 29D
4) For explanations on the Company's credit risk management processes, refer note 32
5) There are no "unbilled" trade payables, hence the same are not disclosed in the ageing schedule.
6) # Acceptances represents credit availed by the Company from banks for payment to suppliers for raw materials purchased by the Company. The arrangements are generally interest-bearing and are payable within sixty days.

Note 15: Other current financial liabilities

	March 31, 2023	March 31, 2022
Other financial liabilities at amortised cost		
Interest accrued on Non-current Borrowings (refer note 12)	1.08	0.50
Interest accrued on Current Borrowings (refer note 12)	-	1.01
	1.08	**1.51**
Others		
Capital creditors	5.22	3.56
Employee related payables (Including Labour)	16.98	9.43
Liabilities towards trade discount	0.09	0.14
	22.29	**13.13**
	23.37	**14.64**

Note 16: Other current liabilities

	March 31, 2023	March 31, 2022
Statutory dues	1.79	1.80
Contract Liabilities	172.04	35.30
	173.83	**37.10**

Note 17: Provisions

	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for leave encashment	2.39	2.56
Provision for gratuity (refer note 27)	1.86	0.91
	4.25	**3.47**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 18: Revenue from operations

	March 31, 2023	March 31, 2022
Sale of products (Refer note 35)	818.57	774.95
Other operating revenue*	40.47	34.71
	859.04	**809.66**

The company collects GST on behalf of the Government, hence GST is not included in revenue from operations.

*inclusive of accrual of income under Package Scheme of Incentives of ₹ 38.22 (previous year ₹ 29.10).

Note 19: Other income

	March 31, 2023	March 31, 2022
Interest Income		
On financial assets carried at amortised cost		
On other deposits and loans	-	0.05
From related parties	3.91	-
On Income tax refund	1.29	-
On Others	4.54	3.04
On deposit with Banks	0.34	0.25
Net gain on disposal of property, plant and equipments	0.63	-
Net gain on foreign currency transaction and translation	7.36	4.14
Profit on sale of financial assets carried at fair value through profit or loss	0.55	0.09
Miscellaneous Income	0.14	0.05
	18.76	**7.62**

Note 20: Cost of materials consumed

	March 31, 2023	March 31, 2022
Raw materials and packing materials at the beginning of the year	65.56	37.61
Add: Purchases during the year	356.62	229.10
Less: Raw material and packing material at the end of the year	121.15	65.56
	301.03	**201.15**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)
Note 21: Changes in inventories of work in progress, stock-in-trade and finished goods

	March 31, 2023	March 31, 2022
Opening balance		
Work in progress	7.25	10.20
Finished goods	23.85	21.59
Stock-in-trade	9.72	3.45
	40.82	**35.24**
Closing balance		
Work in progress	20.57	7.25
Finished goods	38.33	23.85
Stock-in-trade	1.09	9.72
	59.99	**40.82**
	(19.17)	**(5.58)**

22: Employee benefit expense

	March 31, 2023	March 31, 2022
Salaries and wages (including bonus)	50.36	36.38
Remuneration to Directors	10.79	0.22
Contribution to provident and other funds (refer note 27)	4.76	3.91
Staff welfare expenses	1.39	1.04
Total - A	**67.30**	**41.55**
Labour charges (including bonus)	26.34	22.34
Total - B	**26.34**	**22.34**
Total expense (A+B)	**93.64**	**63.89**

Note 23: Finance costs

	March 31, 2023	March 31, 2022
Interest on debts and borrowings		
To Banks*	11.59	7.66
To Related Party	1.40	2.81
Interest on lease liabilities	0.18	0.05
	13.17	**10.52**

*Net of borrowing costs capitalised (refer note 3A)

Note 24: Depreciation and Amortization Expenses

	March 31, 2023	March 31, 2022
Depreciation of tangible assets (refer note 3A)*	28.35	24.04
Amortization of intangible assets (refer note 3B)	8.14	6.56
Depreciation of Right-of-use assets (refer note 3C)	0.68	0.14
	37.17	**30.74**

*Net of Depreciation capitalized of ₹ 0.05 (previous year ₹ 0.06)

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)
Note 25: Other expenses

	March 31, 2023	March 31, 2022
Consumption of stores and spares	10.02	7.73
Repairs and maintenance		
Plant and machinery	6.33	3.23
Buildings	2.79	2.38
Others	0.73	0.50
Water and electricity charges	7.61	7.28
Rates and taxes	1.66	2.42
Legal and professional fees	7.31	8.17
Travelling and conveyance	3.50	2.56
Freight & forwarding charges	16.08	52.62
Insurance Charges	3.52	2.92
Security Service Charges	1.84	1.57
Sales promotion expenses	0.67	0.14
Donations	10.44	11.76
Director's sitting fees	0.15	0.08
Advertisement expenses	0.31	0.14
Transportation charges	4.90	3.93
Bad debts written-off	0.56	0.23
Impairment on financial assets (net)	(2.16)	(0.67)
Property Plant and Equipment discarded	1.56	1.29
Impairment for inventory	-	0.22
Loss on disposal of Property Plant and Equipment	-	0.01
Corporate social responsibility expenditure (refer note 25 (b))	2.88	1.88
Payments to auditors (refer note 25 (a))	0.71	0.25
Advance written off/(back)	3.74	(0.02)
Sales tax mega project incentive written off	2.09	-
Testing Charges	0.52	0.62
Miscellaneous expenses (mainly includes printing, communication,postage, office expenses etc)	3.66	9.27
	91.42	**120.51**

Note 25 (a): Details of payments to auditors

	March 31, 2023	March 31, 2022
Payment to auditors		
Audit fee	0.55	0.22
In other capacities		
Taxation matters	0.03	-
Certification fees	0.12	0.03
Others (including technological fees, out of pocket expenses etc.)	0.01	-
	0.71	**0.25**

Note 25 (b) : Corporate social responsibility expenditure

	March 31, 2023	March 31, 2022
a) Gross amount required to be spent by the Company during the year	2.84	1.86
b) Amount approved by the Board to be spent during the year	2.87	1.86
c) Amount spent during the year		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	2.88	1.87
d) Details related to spent / unspent obligation :		
i) Contribution to Disaster management and health care	2.00	0.01
ii) Contribution to rural development and animal welfare	-	0.31
iii) Promotion of Education	0.81	1.56
iv) Swatch Bharat Kosh	0.07	-
	2.88	**1.87**

26: Earnings per share (EPS)

	March 31, 2023	March 31, 2022
Basic and Diluted EPS		
Profit attributable to the equity holders of the Company used in calculating basic and diluted EPS	176.07	168.40
Weighted average number of equity shares for basic and diluted EPS	0.48	0.48
Basic and Diluted EPS attributable to the equity holders of the company (₹)	**366.82**	**350.83**
Nominal value of shares (₹)	**10.00**	**10.00**

(All amounts in ₹ Crores , unless otherwise stated)

Note 27: Employee Benefit obligations

Post-employment obligations

Gratuity and other post-employment benefit plan

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan is a final salary plan for the employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. 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 fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy . Under the gratuity plan, Company makes contribution to Economic Explosives Limited employee group gratuity assurance scheme (Post employment benefit plan of the Company (refer note 29). 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, 2023	March 31, 2022
Service cost	1.11	1.06
Net Interest Cost	0.06	0.02
Expenses Recognized in the statement of Profit and Loss	**1.17**	**1.08**

Other Comprehensive Income

	March 31, 2023	March 31, 2022
Opening amount recognized in OCI	-	-
Actuarial gain / (loss) on liabilities	0.24	(2.18)
Actuarial gain / (loss) on assets	(0.02)	0.03
Closing of amount recognized in OCI	**0.22**	**(2.15)**

The amount recognized in Balance Sheet

	March 31, 2023	March 31, 2022
Present value of funded obligations	10.05	8.89
Fair value of plan assets	8.19	7.98
Net defined benefit liability / (assets) recognized in balance sheet	**1.86**	**0.91**

Change in Present Value of Obligations

	March 31, 2023	March 31, 2022
Opening defined benefit obligations	8.90	5.46
Service cost	1.11	1.06
Interest cost	0.62	0.36
Benefit paid	(0.34)	(0.17)
Actuarial gain/loss on total liabilities:	(0.24)	2.18
Closing defined benefit obligation	**10.05**	**8.90**

Economic Explosives Limited

Notes to Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Crores , unless otherwise stated)

Change in Fair Value of Plan Assets

	March 31, 2023	March 31, 2022
Opening fair value of plan assets	7.98	5.20
Actual Return on Plan Assets	0.53	0.37
Employer Contribution	0.02	2.58
Benefit Paid	(0.34)	(0.17)
Closing fair value of plan assets	**8.19**	**7.98**

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

	March 31, 2023	March 31, 2022
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	March 31, 2023	March 31, 2022
Discount Rate	7.35% per annum	6.92% per annum
Rate of increase in Compensation levels	8.00% per annum	10.70% per annum
Rate of Return on Plan Assets	6.92% per annum	6.53% per annum

The estimates of future salary increases in actuarial valuation taking into consideration 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.

The expected contribution for defined benefit plan for the next finanacial year will be in line with financial year 2022-23

Sensitivity Analysis

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

	March 31, 2023	Impact (Absolute)	Impact (%)
Base Liability	10.05		
Increase Discount Rate by 0.50%	9.77	(0.28)	-2.78%
Decrease Discount Rate by 0.50%	10.35	0.30	2.95%
Increase Salary Inflation by 1.00%	10.65	0.60	5.96%
Decrease Salary Inflation by 1.00%	9.51	(0.54)	-5.41%
Increase in Withdrawal Assumption by 5.00%	9.84	(0.21)	-2.11%
Decrease in Withdrawal Assumption by 5.00%	10.35	0.30	2.98%

Notes :

1. Liabilities are very sensitive to discount rate, salary escalation rate and withdrawal rate.
2. Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitivities due to change in mortality are ignored.
3. The base liability is calculated at discount rate of 7.35% per annum and salary inflation rate of 8.00% per annum for all future years.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 28: Commitments and contingencies

Capital Commitments

	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account (net of advances)	91.53	12.19

Contingent liabilities

	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts (Note a)		
VAT related matters	0.03	0.03
Income tax related matters	0.11	0.11

Note a .
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 . Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

Note b .
The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 29 : Related Party Information

Sr. No.	Names of related party and relationship	Country of Incorporation
A	**Holding Company**	
I	Solar Industries India Limited	India
II	**Subsidiaries, step down Subsidiaries and Associates of Holding Company**	
i)	**Wholly Owned Subsidiaries**	
	Solar Defence Limited. - (Note 1)	India
	Solar Defence Systems Limited - (Note 1)	India
	Solar Avionics Limited- (Note 1)	India
	Solar Explochem Limited (Note 1&2)	India
	Emul Tek Private Limited	India
	Solar Overseas Mauritius Limited	Mauritius
ii)	**Step Down Subsidiaries**	
1	**Subsidiaries of Solar Overseas Mauritius Limited, Mauritius**	
	Solar Overseas Netherlands Cooperative U.A	Netherlands
	Solar Overseas Singapore Pte Limited.	Singapore
	Solar Industries Africa Limited	Mauritius
	Solar Nitro Zimbabwe (Private) Limited- (Note 1)	Zimbabwe
	Solar Venture Company Limited	Tanzania
2	**Subsidiaries of Solar Singapore Pte Ltd, Singapore**	
	Solar Mining Services Pty Limited	Australia
	Solar Mining Services Cote d'Ivoire Limited SARL (Note 1)	Ivory Coast
	Solar Mining Services Albania	Albania
	Solar Nitro SARL (Note 1 & 5)	Ivory Coast
3	**Subsidiaries of Solar Industries Africa Limited, Mauritius**	
	Solar Nitrochemicals Limited	Tanzania
	Solar Mining Services Burkina Faso SARL (Note 1)	Burkina Faso
4	**Subsidiaries of Solar Overseas Netherlands Co U.A., Netherlands**	
	Solar Mining Services Pty Limited	South Africa
	Solar Explochem Zambia Limited	Zambia
	Solar Overseas Netherlands B.V.	Netherlands
	Nigachem Nigeria Limited	Nigeria
5	**Subsidiaries of Solar Overseas Netherlands B.V. , Netherlands**	
	P.T. Solar Mining Services	Indonesia
	Solar Madencilik Hizmetleri A.S	Turkey
	Solar Nitro Ghana Limited	Ghana
	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (Note 3)	Turkey
	Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	Turkey
III	**Associates**	
1	Zmotion Autonomous Systems Private Limited (Note 4)	India

Notes:

1. The Entity has not commenced its business operations
2. The entity incorporated on April 29, 2022
3. The entity is under Liquidation
4. Associate Company w.e.f 06.04.2022
5. The entity incorporated on December 5,2022

B Other Related Parties:-

I Key Management Personnel (KMP)

Shri Satyanarayan Nuwal (Whole time Director) (Change in designation w.e.f May 4, 2022)
Shri Kailashchandra Nuwal (Executive Director) (Ceased to be an Executive Director w.e.f May 27, 2022)
Shri Manish Nuwal (Director)
Shri Sanjay Singh (Whole time Director)

II Relatives of Key Management Personnel (KMP) (with whom transaction have taken place)
N.A.

III Non executive Independent directors #
Shri Dilip Patel
Shri Amrendra Verma
Smt. Madhu Vij
Shri Natrajan Ramkrishna (Appointed as an Independent Director w.e.f March 3, 2023)
Shri Ajai Nigam (Resigned from the post of Independent Director w.e.f March 3, 2023)
Non executive Independent Directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2022-2023
The Company has not entered into any other transactions with its Non Executive Independent Directors or the enterprises over which they have significant influence.

IV Key Management Personnel of Holding Company

Shri Satyanarayan Nuwal (Chairman & Non-Executive Director)
Shri Manish Nuwal (Managing Director & CEO)
Shri Suresh Menon (Executive Director)
Shri Milind Deshmukh (Executive Director)
Shri Moneesh Agrawal [Joint Chief Financial Officers (CFO)]
Smt Shalinee Mandhana [Joint Chief Financial Officers (CFO)]
Smt. Khushboo Pasari (Company Secretary & Compliance Officer)

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

Nigachem Nigeria Limited
Solar Explochem Zambia Limited
Solar Mining Services Pty Limited (South Africa)
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi
Solar Nitro Ghana Limited
Solar Nitro Chemicals Limited

VI Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'III' above (with whom transactions have taken place)
N.A

VII Entities with joint control or significant influence over the entity.

Astra Resources (Pty) Limited

VIII Post Employment benefit plan
Economic Explosives Limited employee group gratuity assurance scheme
Solar Industries India Limited employee group gratuity assurance scheme
Refer note 27 for information on transactions with post employment benefit plan mentioned above

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

C. Transactions with related parties during the year

Nature of Transaction	March 31, 2023	March 31, 2022
Sales of products and services		
Solar Industries India Limited	300.13	161.41
Nigachem Nigeria Limited	23.89	26.00
Solar Explochem Zambia Limited	15.54	12.12
Solar Mining Services Pty Limited - South Africa	15.55	7.49
Solar Mining Services Pty Limited - Australia	-	37.10
Solar Venture Company Limited (formerly known as Laghe Venture Company Limited)	-	1.95
Solar Nitro Ghana Limited	3.50	4.46
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	19.71	11.12
Solar Nitro Chemicals Limited	0.42	0.70
Total	**378.74**	**262.35**
Other operating income		
Solar Industries India Limited- License	1.12	1.95
Solar Industries India Limited- Income from GTA	1.08	0.81
Total	**2.20**	**2.76**
Purchase of raw material and components		
Solar Industries India Limited	116.41	209.48
Solar Mining Services Pty Limited - SA	-	0.36
Total	**116.41**	**209.84**
Other Expenses		
Solar Mining Services Pty Limited Australia	-	0.34
Solar Mining Services Pty Limited - SA	0.02	-
Solar Industries India Limited-cross charges recovered	0.65	0.40
Solar Industries India Limited-Outward Delivery freight	2.91	2.49
Total	**3.58**	**3.23**
Borrowings during the year (net)		
Taken		
Solar Industries India Limited	171.91	740.00
	171.91	740.00
Repaid		
Solar Industries India Limited	211.79	711.84
	211.79	711.84
Total	**(39.88)**	**28.16**
Interest paid on loans (net)		
Solar Industries India Limited	1.40	2.81
Total	**1.40**	**2.81**
Loans Given/ (received) during the year (net)		
Given		
Solar Industries India Limited	374.25	-
Emul Tek Private Limited	64.02	-
	438.27	-
Received		
Solar Industries India Limited	335.15	-
Emul Tek Private Limited	52.90	-
	388.05	-
Total	**50.22**	-

(All amounts in ₹ Crores , unless otherwise stated)

Nature of Transaction	March 31, 2023	March 31, 2022
Interest received on loans (net)		
Solar Industries India Limited	2.94	-
Emul Tek Private Limited	0.97	-
Total	**3.91**	-
Sitting Fees		
Shri Ajay nigam	0.03	0.02
Shri Dilip Patel	0.05	0.03
Smt.Madhu Vij	0.03	0.01
Shri Amrendra Verma	0.05	0.03
	0.16	**0.09**
Remuneration to KMP*		
Shri Satyanarayan Nuwal	10.30	-
Shri Sanjay Singh	0.49	0.22
Total	**10.79**	**0.22**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. There have been no impairment of related party receivable during the year.Assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

* This aforesaid amount does not includes amount in respect of gratuity and leave since the actuarial valuation has been taken for the Company as a whole and individual amounts are not determinable.

D. Balance outstanding at the year end were as follows:

	March 31, 2023	March 31, 2022
Borrowings		
Solar Industries India Limited	-	39.88
Total	-	**39.88**
Loans Given		
Emul Tek Private Limited	11.12	-
Solar Industries India Limited	39.10	-
Total	50.22	-

(All amounts in ₹ Crores , unless otherwise stated)

Nature of Transaction	March 31, 2023	March 31, 2022
Trade receivables		
Solar Industries India Limited	184.00	2.83
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	8.44	8.72
Solar Mining Services Pty Limited - South Africa	10.80	9.06
Solar Mining Services PTY Limited - Australia	-	43.27
Solar Nitro Ghana Limited	0.40	3.57
Nigachem Nigeria Limited, Lagos	21.56	24.03
Solar Nitro Chemicals Limited	0.42	0.69
Solar Explochem Zambia Limited	3.04	2.06
Solar Venture Company Limited (formerly known as Laghe Venture Company Limited)	-	1.00
Total	**228.66**	**95.23**
Interest and Other Advances		
Solar Industries India Limited	3.44	-
Emul Tek Private Limited	0.27	-
Total	**3.71**	**-**
Trade payables		
Solar Mining Services Pty Limited - South Africa	0.02	0.37
Solar Mining Services Pty Limited -Australia	-	0.34
Solar Industries India Limited	28.05	3.84
Total	**28.07**	**4.55**
Interest and Other Payables		
Solar Industries India Limited	-	1.01
Shri Satyanarayan Nuwal	4.26	-
Total	**4.26**	**1.01**

Note 30: Segment Information

The Company has identified 'Explosives and its accessories', as its only primary reportable segment. The Board of Directors of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

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 Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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 other than cash and cash equivalents, bank deposits, trade receivables, other financial assets (except derivatives) , trade payables, other financial liabilities (except derivatives), 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 The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.

3 The fair values for loans given were calculated based on discounted cash flow 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.

4 Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values , accordingly non-current borrowings are classified as level 2 fair value in the fair value hierarchy.The own non-performance risk as at March 31, 2023 was assessed to be insignificant.

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2023 is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	50.22	**4**	-	-	-
Other financial assets	62.72	**5**	-	-	-
Trade receivables	254.53	**6**	-	-	-
Cash and cash equivalents	24.18	**7**	-	-	-
Bank balances other than cash & cash equivalents	7.50	**7**	-	-	-
Current tax assets (net)	24.08		-	-	-
Total Financial assets	**423.22**		**-**	**-**	**-**
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	109.39	**12**	-	-	-
Current	84.63	**12**	-	-	-
Trade payables (Including Acceptances)	54.83	**14**	-	-	-
Lease Liabilities	2.23	**3C**			
Other financial liabilities	23.37	**15**	-	-	-
Total Financial liabilities	**274.46**		**-**	**-**	**-**

(All amounts in ₹ Crores , unless otherwise stated)

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, 2022 is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	-	**4**	-	-	-
Other financial assets	56.42	**5**	-	-	-
Trade receivables	171.06	**6**	-	-	-
Cash and cash equivalents	8.68	**7**	-	-	-
Bank balances other than cash & cash equivalents	7.32	**7**	-	-	-
Current tax assets (net)	22.83				
Total Financial assets	**266.31**		**-**	**-**	**-**
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	64.03	**12**	-	-	-
Current	81.83	**12**	-	-	-
Trade payables (Including Acceptances)	23.75	**14**	-	-	-
Lease Liabilities	2.66	**3C**	-	-	-
Other financial liabilities	14.64	**15**	-	-	-
Total Financial liabilities	**186.91**		**-**	**-**	**-**

There have been no transfer among Level 1, Level 2 and Level 3 during the current and previous year

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 32: Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions.
It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified 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 carried out by specialist teams that have appropriate sklls, experience and supervision. It is the Company’s policy that no trading in derivatives for speculative purposes may be undertaken.The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings Term Loans	Sensitivity Analysis	Interest Rate Swaps
Market Risk-Foreign Exchange	Recognised financial assets and liabilities not denominated in INR	Cash Flow Analysis Sensitivity Analysis	Foreign exchange options/forward contracts
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Ageing Analysis Credit Analysis	Diversification of credit limits and letters of credit and bank guarantees
Liquidity Risk	Borrowing ,trade payables and other financial liabiltiies	Cash Flow forecasts	Availability of credit limits and borrowing facilities

Market Risk

Market Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate becasue of changes in market price. Market risk comprises three types of risk:interest rate risk, currency risk and other price risk, such as equity risk.FInancial instruments affected by market risk include loans and borrowings , deposits, FVTPL investments and derivative financial instruments. Market risk is attributable to all market risk sensitive financial instruments .
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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.
The Company is not very significantly exposed to interest rate risk except the variations in RBI Repo rate or Bank's MCLR rates as most of the borrowings are linked to these.
0.5% changes in interest rate will increase the borrowing cost by Rs 0.97 crores.

The Company does not have significant investment in Bank Deposits and hence not significantly exposed to Interest rate sensitivity.
0.5% changes in interest rate will decrease the other income by ₹ 0.04 crores

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities and the Company’s net investments in foreign subsidiaries.
When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Derivative instruments and unhedged foreign currency exposures

a) Derivative outstanding as at the reporting date

The Company has no borrowings in foreign currency as on March 31, 2023 (March 31, 2022: ₹ Nil crores)and hence no foreign currency risk.

b) Unhedged foreign currency exposure as at the reporting date expressed in INR are as follows :

	March 31, 2023			March 31, 2022		
	USD	SEK*	ZAR	USD	SEK	ZAR
Trade Receivable	33.87	-	10.80	126.38	-	5.88
Trade Payables	2.32	0.00	0.02	4.58	-	0.37

* amount is less than ₹ 0.01

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

	March 31, 2023	March 31, 2022
USD	0.32	1.22
ZAR	0.11	0.06
SEK*	(0.00)	-

* amount is less than ₹ 0.01

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.The Company is exposed to credit risk from its operating activities (primarily trade receivable) and from its financing activities, including deposits with banks and financial institutions,foreignexchange transactions and other financial instruments.The Company only deals with parties which has good credit rating/worthiness given by external rating agencies or based on Company's internal assessment.

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.

Loans:
The Company has given loans to certain related and unrelated parties.
The Company has made provisions in case where there is risk of loan recovery. (refer note 4)

Trade and other receivables:
The Company measures the expected credit loss of trade receivables and loans from individual customers based on historical trend,indsutry practices and business environment in which the entity operates.Loss rates are based on actual credit loss experience and past trends.

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

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2023	135.51	92.19	27.72	**255.42**
As at March 31, 2022	111.41	16.32	46.38	**174.11**

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
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The following table summarizes the changes in the Provisions made for the receivables:

	March 31, 2023	March 31, 2022
Opening balance	3.05	3.72
Reversal during the year	(2.16)	(0.67)
Closing balance	**0.89**	**3.05**

During the year the Company has written off an amount of ₹ 0.56 crores as the same were not recoverable
No significant changes in estimation techniques or assumptions were made during the reporting period.

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 a 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
March 31, 2023					
Borrowings					
From related party	-	-	-	-	-
From Banks (net of interest accrued but not due)	30.00	10.73	43.86	109.37	-
Sales tax deferral loan	-	0.05	-	0.01	-
Trade payables (including acceptances)	-	54.83	-	-	-
Lease liabilities (Gross)	-	0.16	0.48	1.92	-
Other financial liabilities	-	16.76	6.61	-	-
March 31, 2022					
Borrowings					
From related party	39.88	-	-	-	-
From Banks (net of interest accrued but not due)	-	9.69	32.19	63.97	-
Sales tax deferral loan	-	0.07	-	0.06	
Trade payables (including acceptances)	-	23.75	-	-	-
Lease liabilities (Gross)	-	0.15	0.46	2.56	-
Other financial liabilities	-	9.73	4.91	-	-

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
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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 manages its capital structure and makes adjustment in light of changes in economic conditions and the requirements of financial covenants.To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.The Company monitors capital using a gearing ratio, which is net debt, divided by total capital plus net debt.The Company includes within net debt,interest bearing loans and borrowings,less cash and cash equivalents and bank balances.

	March 31, 2023	March 31, 2022
Net debt (see note below)	169.84	137.18
Equity	874.33	698.11
Capital employed	**1,044.17**	**835.29**
Gearing ratio	**16.27%**	**16.42%**

Note -
Calculation of Net Debt is as follows:

	March 31, 2023	March 31, 2022
Borrowings		
Non Current	109.39	64.03
Current	84.63	81.83
	194.02	**145.86**
Cash and cash equivalents and Bank balance (excluding earmarked balances with banks and margin money)	24.18	8.68
	24.18	**8.68**
Net Debt	**169.84**	**137.18**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.
No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

Note 34: Research and Development Expenditure:

Nature	**March 31, 2023**	**March 31, 2022**
Revenue Expenditure	1.16	5.23
Total	**1.16**	**5.23**

Note -

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

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
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Note 35: Revenue from operations

A Principal revenue generation activity

The Company is engaged in the manufacturing of complete range of industrial explosives, explosive initiating devices and high energy materials for defence applications.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

B Disaggregated Revenue information

The company's disaggregate revenue by geographical location .

Particulars	**March 31, 2023**	**March 31, 2022**
India	729.94	539.01
Rest of the World	88.63	235.94
Total	**818.57**	**774.95**

C Contract balances

The timing of revenue recognition, billings and cash collection results in trade receivables, and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the balance sheet as at March 31, 2023.

The company discloses receivables from contracts with customer separately in the balance sheet. To comply with the other disclosures requirements for contract assets and contract liabilities following information is disclosed.

	March 31, 2023	**March 31, 2022**
Trade Receivables	254.53	171.06
Contract Liabilities	172.04	35.30

D Reconciling the amount of revenue recognised in statement of profit and loss with the contracted price

	March 31, 2023	**March 31, 2022**
Revenue as per contracted price	820.81	776.85
Adjustments for:		
Rebates Discounts and others	(2.24)	(1.90)
Revenue from contract with customers	**818.57**	**774.95**

E Transaction price allocated to the remaining performance obligations

Remaining unsatisfied performance obligations represent the transaction price for goods and services for which the Company has a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The transaction price of order backlog related to unfilled, confirmed customer orders is estimated at each reporting date. As of March 31, 2023, the aggregate amount of the transaction price allocated to order backlog was ₹ 359.17 The Company expects to recognise revenue within two years.

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 36 : Financial Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
Current Ratio	Current Asset	Current Liabilities	1.69	2.08	-18.80%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.22	0.21	6.21%	
Debt Service Coverage Ratio	Earning available for Debt Service#	Debt Service^	5.16	5.78	-10.76%	
Return on Equity Ratio	Net Profit after taxes	Average shareholder's Equity	22.39%	27.40%	-18.27%	
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	9.86	11.74	-16.08%	
Trade Receivable Turnover Ratio	Net Sales	Average Trade Receivable	3.81	5.26	-27.51%	Ratio has decreased on account of slow movement in realization of receivables
Trade Payable Turnover Ratio	Net Purchases	Average Trade Payable	12.17	18.18	-33.10%	Ratio has decreased on account of higher outstanding balances with related parties
Net Capital Turnover Ratio	Net Sales	Average Working Capital	3.24	4.42	-26.71%	Ratio has decreased due to increase in average working capital
Net Profit Ratio	Net Profit after Tax	Revenue from operation	20.50%	20.80%	-1.45%	
Return on Capital Employed Ratio	Earning Before Interest and Taxes	Average Capital Employed*	25.09%	28.63%	-12.38%	
Return on Investment Ratio	Non operating income from investment	Average Investment**	11.59%	5.86%	97.79%	Ratio has improved on account of increased in liquid investments which have resulted in higher realised gain on redemption

Net Profit before Taxes+ Depreciation and Amortization+ Finance cost excluding Interest on Lease
* Tangible Net Worth + Total Debt + Deferred Tax Liabilities
**Investments includes Fixed Deposit
^ Finance cost + Interest on leases + Borrowing cost capitalised + Repayment made

Economic Explosives Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Crores , unless otherwise stated)

Note 37: Details of dues to micro and small enterprises as defined under The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:

	March 31, 2023	March 31, 2022
Principal amount outstanding (whether due or not) to micro and small enterprises	6.39	3.26
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 succedding 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	-	-

Note: Dues to Micro & Small Enterprises have been determined to the extend such parties have been identified on the basis of information collected by the management.This has been relied upon by the auditors.

Note 38. Other Statutory Information:
(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
(ii) The Company do not have any transactions with companies struck off.
(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
(v) The Company have not advanced or given loan or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
(vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
(viii) The Company has not been declared as Wilful defaulter by any Banks, Financial institution or Other lenders.

Note 39 : Previous year figures have been reclassified, as considered necessary, to confirm with currrent year presentation, wherever applicable.
Note 40. The financial statements were approved for issue by the Board of Directors on May 3, 2023.

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
ICAI Firm's Registration Number: 103031W
Chandrashekhar Nandalalji Rathi
Digitally signed by Chandrashekhar Nandalalji Rathi
Date: 2023.05.03 13:39:46 +05'30'
per C.N. Rathi
Partner
Membership No.: 39895

Place: Nagpur
Date: May 03, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
PRAMOD KUMAR BAPNA
Digitally signed by PRAMOD KUMAR BAPNA
DN: cn=PRAMOD KUMAR BAPNA, c=IN, o=Personal, email=pramod.bapna@srb.in
Date: 2023.05.03 15:05:52 +05'30'
per Pramod Kumar Bapna
Partner
Membership No.- 105497

Place: Nagpur
Date: May 03, 2023

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

Satyanarayan Nandlalji Nuwal
Digitally signed by Satyanarayan Nandlalji Nuwal
Date: 2023.05.03 13:01:08 +05'30'
S.N. Nuwal
Director
DIN: 00713547

Manish Satyanarayan Nuwal
Digitally signed by Manish Satyanarayan Nuwal
Date: 2023.05.03 13:01:38 +05'30'
Manish Nuwal
Director
DIN: 00164388

Place: Nagpur
Date: May 03, 2023